

Democracy and Truth

Critical Review

*An Interdisciplinary Journal
of Politics and Society*

Welfare-State
Retrenchment

Ignorance, Inertia, Elites,
and Public Opinion

The "Marketplace of Ideas"
vs. the Search for Truth

The Welfare State and
Democratic Empowerment

Karl Popper's Defense
of Democracy

Keynes's Moral Critique
of Capitalism

Happiness, Tranquillity,
and Philosophy

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INTRODUCTION:
PUBLIC OPINION AND DEMOCRACY

The November 1994 Congressional elections were widely supposed to have signalled a rejection of “big government” and of President Clinton’s attempt to expand the role of the state by instituting universal health insurance. Yet the public’s “shift to the right” came only two years after Clinton’s own election was interpreted as a mandate for just such a health-care initiative—presaged, in turn, by the 1991 upset senatorial election of Pennsylvania Democrat Harris Wofford, who pioneered the issue. This apparent “volatility” of the American electorate, moreover, did not come to an end in 1994. Barely a year after the Republican sweep, opinion polls seemed to show a repudiation of the Republicans’ antigovernment program—a shift back to the left, or at least to the center.

Undeterred by this good fortune, the president announced, in his January 1996 State of the Union Address, that “the era of big government is over,” giving voice to the once-derided view of the Democrats’ archenemy, Ronald Reagan—whose election in 1980, like the Republican victory in 1994, had been christened a “shift to the right.” Yet Clinton and his Congressional allies proceeded to put the Republicans on the defensive by championing an increase in the minimum wage—a proposal that, according to the polls, was supported by upwards of 80 percent of the American people. Perhaps the era of big government is not over, after all.

Such a conclusion is suggested by Eric R. A. N. Smith’s and Jens

Borchert's articles in this issue. Smith finds in three recent books on American public opinion strong evidence that the trend of the 1980s was actually toward economic liberalism (i.e., big government). Borchert points to studies showing that in other countries as well, including Britain, Canada, and Germany, public support for the interventionist, redistributive state remained strong (90n18 below). Borchert argues that what accounts for the politics of welfare-state retrenchment since the 1970s has been a shift in elite opinion—even leftist elite opinion—toward the view that international economic competition mandates a reduction in government intervention and redistribution. Public opinion, then, far from driving policy to the right, has been disconnected from policy.

The received wisdom about public opinion, like the notion that electoral shifts represent ideological “sea changes” or “mandates,” is that it represents the public’s deliberative judgments about “the issues” being debated in the public forum—the “marketplace of ideas” analyzed below by Robert Weissberg. This view is part of the conventional self-understanding of modern democracies; it is consistent with what might be called the myth (in a nonpejorative sense) of democracy. According to this myth, votes and polling data reflect a process of judgment commensurate with the large personnel and policy results of these expressions of public opinion. The shift of a few percentage points may profoundly affect the composition of a government; according to the myth of democracy, the public has made an informed judgment about these results and understands their consequences. Thus, for example, the election of a conservative president or legislature must correspond to a “shift to the right.”

The myth of democracy, however, flies in the face of the bulk of serious research on public opinion in this century. As early as the 1920s, Walter Lippmann (e.g., 1922, 1925) noticed that most of the electors called upon to render judgments on political issues were grossly ignorant of politics. Shortly after World War II, the Columbia school of public-opinion research (see, e.g., Lazarsfeld, Berelson, and Gaudet 1948) systematically confirmed Lippmann’s judgment, finding that voters were overwhelmingly uninterested in political issues and devoid of knowledge about them; and that, far from being moved by public debate, their voting decisions were determined by the politics of opinion leaders with similar demographic characteristics. The Columbia school has been superseded by the Michigan

school, but the news about the ignorance of the electorate has gotten no better. In *The American Voter* (Campbell et al. 1960), University of Michigan researchers showed that widespread public ignorance of government policy and political debate made recourse to blindly inherited partisan commitments necessary to guide most people through the bewildering world of politics. Four years later, Michigan's Philip Converse argued, in "The Nature of Belief Systems in Mass Publics," that the vast majority of the public is so far removed from political affairs that it has little or no grasp of such common belief systems as liberalism and conservatism. Instead, the uninformed public bases its political views on inherited partisan commitments, group loyalties, and a superficial grasp of "the nature of the times" (prosperity versus depression, war versus peace). Moreover, Converse suggested that many of the "attitudes" elicited by survey questions are so baseless as to be virtually random.

This "nonattitudes" thesis, as Converse later came to call it, prompted an unfortunate digression of the public-opinion literature into the question of the stability of individuals' survey responses over time. It may be that this increasingly technical debate, which turned on such matters as the proper coding of the Michigan survey responses, inadvertently served to defuse the explosive normative potential of the Michigan school's empirical findings. Thus, in such volumes as Benjamin I. Page and Robert Y. Shapiro's *The Rational Public* and James Stimson's *Public Opinion in America*, discussed by Smith below, rebuttals to Converse's nonattitudes thesis are presented as cause for optimism, as if the myth of democracy is vindicated if the public can be shown to have *stable* "attitudes," even though they are not minimally informed ones.

Authors who contest Converse's pessimistic conclusions in this way tend to damn the public with faint praise. Page and Shapiro (1992, 14) "grant the rational ignorance of most individuals, and the possibility that their policy preferences are shallow and unstable." They argue only that individual nonattitudes cancel each other out, such that "public opinion as a *collective* phenomenon is nonetheless stable (though not immovable), meaningful, and indeed rational in a higher, if somewhat looser, sense: it is able to make distinctions; it is organized in coherent patterns; it is reasonable, *based on the best available information*; and it is adaptive to new information or changed circumstances, responding in similar ways to similar stimuli" (ibid., second emphasis added). What the authors mean by "the

best available information” is considerably less than the myth of democracy demands. They admit that “it would be pure fantasy to imagine that the average American had carefully worked out what he or she thought” about such a hotly debated issue as the MX missile proposal of the early 1980s (ibid., 18). But, they write, “an individual could develop a central tendency of opinion, or long-term policy preference, either based upon accumulated specific beliefs about the MX or deferring to the judgment of others—like the Republican president, or trusted Democratic leaders, or a TV commentator” (ibid., 19). According to the myth of democracy, political and media figures are supposed to be following, or at most helping to inform, public opinion. They are not supposed to be able to influence it merely by making pronouncements, but Page, Shapiro, and Glenn R. Dempsey have shown that a single favorable commentary about a policy by a national news anchor may cause a four-point jump in its popularity (Page, Shapiro, and Dempsey 1987, 31). It appears that the mass public is so bereft of independent knowledge that the opinions of prominent figures easily substitute for public deliberation. This conclusion is impressively substantiated by John Zaller’s *The Nature and Origins of Mass Opinion* (to be reviewed in a subsequent issue of this journal), the most nuanced, detailed application of Philip Converse’s perspective yet to be published.

One need not believe that any one political or media figure—or any conspiracy of them—can deliberately orchestrate public opinion to see a major discrepancy between the myth of democracy and the reality described by the Michigan school and conceded by Page and Shapiro. When 48 percent of the U.S. public does not realize that there are two senators from each state, when the majority cannot name their congressional representative, and when 70 percent do not know that House terms are two years long; when 43 percent do not know what a recession is, and 76 percent cannot explain the First Amendment; and when, in 1964, only 38 percent knew that the USSR did not belong to NATO (Page and Shapiro 1992, 10–11)—then surely it would be surprising if the public had a grasp of the complexities of modern economics or even the particulars of public policy. While information about such matters as the name of one’s political representative may be considered trivial (ibid., 12), people who follow public debate with any seriousness would be expected to pick it up along the way. Ignorance of such informa-

tion, therefore, strongly suggests widespread and deep disengagement from politics.

In the light of modern public-opinion research, Borchert's picture of elite policy making that disregards public sentiment becomes quite plausible—but it loses its sting. If the sentiment being disregarded is so ill informed, why *should* policy be tied to it? Democratic theorists' preoccupation with combatting elitism might seem misplaced.

On the other hand, the "directional" or backlash theory of opinion change endorsed by Smith, while congruent with public ignorance, may be thought to situate Borchert's argument in a way that is amenable to the conventional concerns of democratic theory. According to directional theory, since the public does not know enough about politics to have particular policy goals in mind, people "simply decide in which general direction they want policy to move" (below, 102), and this often boils down to opposing the policy direction of the moment. Combining this view with Borchert's findings, we might conclude that a public that was at least dimly aware of the retrenchment of big government in the 1980s reacted against it in the polls, but this backlash was ignored by policy-making elites. Thus, the problem is not so much an ignorant public as an uncontrolled state, and the solution is for the people to regain control of the government.

This view of the matter founders, however, when we return to the question of how the people come by their political views in the first place. If public backlash against Ronald Reagan was merely a product of the influence on an ignorant public exercised by political adversaries and television anchors, then aligning government policy with public opinion may not be warranted.

Since Plato's *Republic*, the question of democracy has usually been framed as that of the competence of the many versus that of the few. In the modern era, democrats have repulsed the Platonic challenge by pointing to the lack of an expert, and good, elite that could be relied upon to do better than government by the many. But one of the disturbing implications of modern public-opinion research is its identification of vastly different strata of political sophistication. As Converse showed, the top stratum consists of the heavily engaged *aficionado*—the social-science professoriat, readers of the sophisticated opinion journals, and so on. The members of this stratum perform well on the rudimentary tests of political

knowledge flunked by the general public, because they are, by vocation or avocation, avid followers of political affairs. From this stratum are drawn the opinion- and policy-making elites who actually govern us (cf. Halverson 1991).

The popularity of attacks on the motives of political opponents that is so much a part of democratic politics may have its source here. Such attacks are the only course open in many instances, since the public is incapable of assessing attacks on political elites' expertise. A far less tendentious way to challenge the rule of elites than by accusing them of mendacity, however, is opened up by what may be the most neglected part of Converse's argument. While Converse uses public ignorance of liberalism and conservatism to demonstrate the depths of most people's detachment from politics, he also shows that even the most attentive strata of the public are only marginally more qualified to govern—when judged against the standard of real knowledge—than those in the bottom epistemic strata. For what, in Converse's schema, defines the highest stratum of political sophistication is the kind of "attitude constraint" provided by liberalism and conservatism—which are, of course, *ideologies* in the worst sense. The reason members of the epistemic elite (unlike their lower-stratum peers) possess internally and intertemporally consistent political "attitudes" is that such people are rigidly attached to belief systems that are only "apparently logical wholes." Their attitudes are constrained, that is to say, less by unbiased information about the workings of modern society and government than by ideologies that are, in their own way, as deficient as group loyalties, partisan allegiances, or "nature of the times" assessments as guides for political action.

The "shaping of belief systems of any range" into ideologies "that are credible to large numbers of people is," Converse writes, "an act of creative synthesis characteristic of only a minuscule proportion of any population" (1964, 211). The rest of society, including the ideologically consistent elites who govern the state and shape public opinion, are merely playing out the hand dealt by these creative synthesizers. Political ignorance is, after all, not only rational for the inattentive voter—whose impact on public policy can hardly merit the effort of voting, let alone that of becoming well informed; it is rational, too, for the most committed ideologue—who is only slightly more influential on the vast body of the public, and who, in any case, cannot possibly hope to master the details of more than a

small corner of the political universe. Given the essentially limitless purview of modern politics, even the most attentive of us tend to amass informed opinions, outside our narrow areas of expertise, by adhering to “belief systems” that substitute dogma for real knowledge, constraining our views about public policy not through investigation of the evidence, but through a priori convictions about the way things *must* be.

Seen in this light, Converse is less a tribune of elite omniscience than a prophet of the overwhelming ignorance facing all members of the public. Both the sophisticated and the relatively uninformed are sufficiently ignorant that they are unlikely to find out political “truths” for themselves: the lower strata rely on cues from trusted elites, and elites rely on the trusted synthesizers of their ideologies. Political debate is thus, as Weissberg suggests, primarily a matter of expressing the predetermined and unshakable convictions or “preferences” of ideological elites. The marketplace of ideas is drastically unlike the scientific search for truth to which the myth of democracy inclines us to compare it.

None of this, however, means that democracy should be forsaken. If the myth of democracy is dubious, the reality need not be. As Fred Eidlin’s obituary of Karl Popper points out, the reality of democracy to which public opinion research points is very similar to the realistic portrayal of elite rule found in Popper’s political writings. Yet this did not stop Popper from being a committed democrat. To see why, we must follow Eidlin in distinguishing two moments of Popper’s commitment to democracy.

One of these moments is, to be sure, decidedly unrealistic. Here, Popper assumes that democratic deliberation is exactly what Weissberg contends it is not: a Millian search for truth, a reasoned discussion in which, as in Popper’s understanding of the scientific ideal, the discussants are so psychologically detached from their theories that they can contemplate their falsification with equanimity. This is a utopian ideal—if not in the hard sciences, then certainly in the social sciences and humanities, and even more definitely in politics. The tendency to identify oneself with one’s ideas and defend them to the death is all too human; the ability to fight off this tendency, so that evidence or argument may defeat one’s ideas, is what distinguishes good scholarship from ideology. But if, sadly, one cannot even expect the scholarly ideal to prevail in real-world universities,

one certainly cannot expect it to prevail in politics, where so much more is at stake.

Popper's notion that democratic politics can be a process of piecemeal social reform that conforms to falsificationist canons overlooks not only people's aversion to admitting error, but the complexity of modern politics and the ignorance of the public. If indeed political complexity makes ideology useful even for the relatively well-informed (the "social engineers"), then the policy dialogue among them, which in turn influences public opinion, is highly unlikely to take sufficient account of the failure of previous piecemeal steps, and inappropriate policies are likely to continue until either (a) they result in disasters so inescapable that even the most ill-informed members of the public take notice, or (b) they are fortuitously reversed by the chance election of a party with different or conflicting priorities.

These two possibilities are expressed in the other moment in Popper's defense of democracy, which seems to be derived less from his falsificationism than from his melioristic Enlightenment politics. Here Popper's idea is that as blind as democracy is, it provides a measure of safety against the worst excesses of state power. Even the massively ignorant know misery when they see it, and even when they fail to discern its true sources, they can haphazardly try to address the problem, perhaps with some success, if they have the power to replace one set of rulers with another. No matter what the motivational or epistemic deficiencies of elites, democracy can rectify them by cashiering the government.

As powerful as Popper's realist¹ defense of democracy is, however, one wonders if it is not only distinct from, but at odds with, the other, utopian side of his politics—which encourages a multiplication of state responsibilities, increasing the ignorance of the governing elite about the tasks the state has set itself. If complexity is what leads to the ideological spirit—surely the very opposite of the fallibilist, empiricist attitude Popper wants to encourage—would it not be better to simplify politics by limiting the functions of the state than to complicate it by encouraging social reform? If the better part of wisdom is awareness of one's ignorance, the omniscient state encourages foolishness, since it demands that its citizens have "attitudes" about everything. If Converse suggests that rule by elites is no great improvement over rule by the people, and if Popper's realism implies that even elite rule checked by popular approval is

unlikely to result in rational policy making, perhaps there is a third alternative—rule by nobody—that would address the problems of the other two.

Part of the allure of libertarianism is the promise of abolishing or severely limiting politics. This idea, and its counterpart, that of a self-propelling and self-regulating market, suffer from serious normative and empirical defects, but they are born of a rather sophisticated appreciation of the pitfalls of the political alternatives. These problems fall into two categories: not only the erroneous policies into which ideological elites are likely to be led, but the intrinsic disagreeability of ideological disputes, the degrading character of mass political pandering and demagoguery, the censorious, conformist contentiousness that marks democratic culture.

Ranged against the personal unpleasantness of democracy, however, are the psychologically invigorating qualities that have been associated with it since Tocqueville, to which Thomas Bender appeals below. For every critic of democracy's discomforts there is a poet of its joys—a Whitman, Emerson, or Thoreau. The libertarian may be able to accommodate such enthusiasts of democracy, however, by conceding the need for equality of respect and communal cooperation without granting the desirability of deciding contentious debates over large questions in mythical marketplaces of ideas. The self-confident vigor attendant on community involvement, the libertarian might argue, is more likely a function of participating as an equal in a common endeavor than of competing for the control of the levers of power. In this view, it is when we contribute to a shared end that we gain the psychological benefits of democracy, but it is when we have to contend with each other over the end, or over the best means of achieving it, that we incur its debilitating costs.

If there is anything to this view, then voting and majority rule may be quite tangential features of what made New England democracy so attractive; if anything, what distinguished it from its ugly modern counterpart was that, being fundamentally consensual, it avoided the ideological conflict that festers in conditions of complexity, hence ignorance. Accordingly, if Bender's dream of community empowerment is not to turn into a nightmare of dogmatic combat, it would involve the dispersal of limited power to communities defined not by majority rule, but by consensus around discrete, relatively unambiguous tasks to be accomplished; it would

avoid efforts to solve social problems of a size or difficulty that defied local comprehension, and which thus invite mass apathy and elite ideology.

One difficulty with this form of democracy is practical: how could consensual communities work under modern conditions? Another problem is conceptual. Doing away with politics is, in an important sense, an illusion. Matters that are excluded from "political" disputation because they are kept off the state's agenda are matters that are being dealt with in some other fashion. In a "politics-free" world, they are dealt with by commercial or "consensual" transactions that presuppose at least a tacit political decision to distribute power and resources in certain ways rather than others.² This objection appears fatal to any form of "depoliticization" that has pretenses of neutrality among goods or individuals.

But the questions raised by democratic ignorance need not be answered by appealing to a nonexistent neutral or "free" market or consensus. What is signified by communal consensus is not the *voluntary* or independently just basis of the property distribution upon which it rests, but merely the absence of serious interpersonal disagreement that would lead us back to the Conversionian world of ignorance and ideology. Ideological politics is conceived as undesirable because of its negative consequences, and a just order is then defined as one that avoids such politics.

Our evaluation of such an order will depend, therefore, on at least three factors. First, is it feasible? Second, what are its comparative interpersonal advantages over majority-rule, conflictual, and limitless democracy? Third, what are its instrumental advantages? The third question brings us back to the fact that mass nonattitudes, indifference, and volatility, and elite ideological rigidity, are all marks of ignorance—which suggests that the policies adopted by mass democracies are likely to be ineffective, at best. Yet it is hardly a foregone conclusion that the policies "adopted" by markets or consensual communities will be any better. To make this comparison, one needs not only traditional economics research into the comparative efficiency of free-market and interventionist regimes, but a clear sense of the ends likely to be promoted by them, coupled with judgments about which ends are desirable.

It is to these projects that Greg Hill and Charles L. Griswold, Jr., contribute in this issue. Hill rebuts traditional moral defenses of capitalism by showing how Keynes undermined their empirical

bases. (In our next issue, Hill and Steven Horwitz will debate whether Keynes's account of the empirical nature of capitalism was accurate.) This continues a long line of discussion in these pages, notably including vol. 3, nos. 3-4 (on Keynesianism) and vol. 8, no. 3 (on the interpretation of Keynes). Griswold treats happiness as an important good and attempts to tie it to philosophical reflection. This furthers a discussion of more recent origin: in vol. 8, no. 4, the question of whether consumer capitalism promotes happiness was vigorously debated; in vol. 9, no. 4, articles by Robert Edgerton and Alexandra Maryanski on the anthropology of human nature compared modern society against the form of life human beings evolved to find satisfying; and in vol. 10, no. 4, we will mark the twentieth anniversary of the publication of Tibor Scitovsky's *The Joyless Economy* with a discussion of his controversial views about the compatibility of capitalist economies with psychological gratification.

NOTES

1. An *ultrarealist* view, however, would question the extent to which popular control is adequate even to the limited purpose Popper, in his realistic moment, assigns it. Such a view would draw on neo-Weberian state theory, which underscores the autonomy of bureaucratic elites, to show that even when the public does cashier political elites, bureaucracies may be able to continue as before. See, e.g., Evans et al. 1985.
2. The distinction between consensus and disagreement may solve the problem of defining "voluntary" social action in a way that is not viciously circular. The legal circumscription of individuals' and communities' rights and privileges renders any extra-legal, naturalistic definition of "voluntary" social action highly suspect, since it must be parasitic on a set of property rights that is coercively enforced. There is no quality of voluntariness that is not reducible to the coercive legal background. Thus, the voluntary/coercive dichotomy merely reiterates the legal order, narrowly focusing on the islands of choice while ignoring the ocean of constraint around them. Looked at from psychological and instrumental points of view, however, the voluntary/coercive dichotomy may be mapped onto the distinction in the text between joint activities in which the participants are treated as equals but need not engage in (ideological) conflict, and those in which *overt* interpersonal conflict is endemic. Among the latter may be both activities among equals in situations where complexity frustrates consensus, and activities within hierarchical organizations, where conflicting goals require the subordination of some people's purposes to others'. These last two cate-

gories of interpersonal relationship differ from "voluntary" or consensual relationships in a way that is independent of the legal background; it is their conflictual nature that contrasts against activities in which cooperation is "voluntary" because consensual.

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HAPPINESS, TRANQUILLITY, AND PHILOSOPHY

ABSTRACT: *Despite the near universal desire for happiness, relatively little philosophy has been done to determine what "happiness" means. In this paper I examine happiness (in the long-term sense), and argue that it is best understood in terms of tranquillity. This is not merely "contentment." Rather, happiness requires reflection—the kind of reflection characteristic of philosophy. Happiness is the product of correctly assessing its conditions, and like any assessment, one can be mistaken, and thus mistaken about whether one is happy. That is, one needs a correct understanding of happiness in order to be happy.*

The happiness of mankind, as well as of all other rational creatures, seems to have been the original purpose intended by the Author of nature, when he brought them into existence. No other end seems worthy of that supreme wisdom and divine benignity which we

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necessarily ascribe to him; and this opinion, which we are led to by the abstract consideration of his infinite perfections, is still more confirmed by the examination of the works of nature, which seem all intended to promote happiness, and to guard against misery.

—Adam Smith (*Theory of Moral Sentiments* III.5.7)

Few questions would seem to possess as great an existential urgency, and general philosophical interest, as “What is happiness?” It seems that we spend our lives desperately looking for happiness; if happiness is not *the* ultimate end of our activities, as Aristotle argued, it is certainly *an* ultimate end. To be deprived of happiness seems in the eyes of most of us to be deprived of a good life, even of a good reason for living. A life without happiness seems scarcely worth having; one would bear it out of necessity, not out of its desirability. The “pursuit of happiness,” in Jefferson’s Lockean phrase, seems thoroughly woven into our projects and aspirations.

The topic nonetheless possesses several strange features. The first is that philosophers have had relatively little to say about it in spite of its enormous importance to human life. One would have thought it a perfect, indeed indispensable topic for a Platonic dialogue; yet no Platonic dialogue is devoted to it. Aristotle, and to a lesser degree some of his Hellenistic descendants, of course, did write on the subject. But Aristotle is the exception that proves the rule. There exist some limited treatments by major Christian and medieval philosophers; one thinks of the remarks by Boethius in *The Consolation of Philosophy* and by Thomas in the *Summa Theologiae* (the first six questions of book two—of the *Prima Secundae*—constituting the so-called “Treatise on Happiness”). But no major medieval treatise devoted to the subject has come down to us. Descartes, Leibniz, Spinoza, Locke, Berkeley, Voltaire, Hutcheson, Hume, Burke, and Smith offer us remarks, but once again no extended treatment (though Locke and Spinoza come close). Diderot provides ruminations on the subject, and in *Les Rêveries du Promeneur Solitaire* Rousseau offers us something that is more in the nature of a meditation than an argument. Kant has relatively little to say about the nature of happiness, although happiness plays a major role in the architectonic of his ethical system. For Hegel, too, the topic is of derivative interest.¹ Husserl, Heidegger, and Sartre have precious little to say; Nietzsche’s remarks are scattered; surprisingly, there are no long treatments in Emerson, Thoreau, James, or

Dewey. Among the Utilitarians, where one would expect major treatments, there are no extended analyses of the nature of happiness; I suppose that Sidgwick probably provides us with the longest remarks, but these scarcely amount to a comprehensive treatment of the subject.² We have Bertrand Russell's essay,³ a few scattered remarks by Wittgenstein, nothing of note by Whitehead. There exist contemporary discussions, and no doubt there are others one might mention.⁴ But, by and large, the major philosophers in the Western tradition have not paid the topic a great deal of attention.⁵

This leads me to a second observation about this subject. Non-philosophers seem generally to assume that there is an answer to the question, "What is happiness?" They do not view the search for happiness, or for an understanding of happiness, as a hopeless quest. Some claim to have found it and (perhaps for a fee) will tell you how to do the same. At the same time, there seems to be general agreement that happiness is a *difficult* thing to "find," i.e., to define and to attain. It does not come naturally. Elusive, hard to find and hold on to, much desired, very easy to be mistaken about; such is happiness. It is a strange situation; happiness is such a constant theme in our lives, it is something that would seem to be so much a part of us as to be unable to remain unknown; yet we cannot find it, at least not readily.

A third observation is that "happiness" has many meanings. It can be thought of as contentment, or tranquillity, or blessedness, or ecstasy, or as a mood, or as well-being, to name a few possibilities. One can speak of it in the long-term or in the short-term sense.⁶ We are not always clear about which sense we have in mind when we talk casually about our being "happy." There is a certain diffuseness to the notion, and our vocabulary of happiness is not a fail-safe guide to the meaning of the term.

Fourth, it is hard to define happiness in a manner that is more than impressionistic, biographical, or anecdotal. The nature of happiness seems to vary from person to person. This is one reason it has been so hard to make any sense of a utilitarian calculus. An individual's "happiness" seems to depend at least in part on what he thinks it is. Perhaps this is what Pope (1981, 42) meant when he asked, of the standard views of happiness: "Who thus define it, say they more or less/ Than this, that Happiness is Happiness?" This seems to be an elliptical way of saying that happiness is whatever one deems it to be.

And this brings me to an important methodological point. Given that any substantive discussion of happiness must begin somewhere, with some view or other on the phenomena, there may be an appearance of arbitrariness at the start of any investigation of the subject. In identifying a sense of the term as the subject of discussion, one must appeal to some intuition or opinion, and inevitably others will appeal to other intuitions and opinions. We must, as Aristotle says in the *Nicomachean Ethics*, start with what is known to us in order to reach what is knowable in itself (I.iv.1095b2–7). But parts of what is known to us conflict with other parts.

For example, people often assume that happiness has a “you’ll know it when you see it” quality to it, such that we can with certainty identify happy people without being able to provide an account of happiness. Yet people also recognize that they frequently see mistakenly; they will say “I thought he was so happy! I’ve known him for years! I can’t believe he committed suicide!” Or: “I thought I was happy then, but now I realize that I wasn’t.” Or again, people often associate the accumulation of wealth with happiness, and perhaps are motivated to accumulate wealth precisely because they think it will bring them great happiness. Yet moralists have always told us, and experience seems to confirm, that neither the pursuit of wealth nor success in that pursuit bring happiness.⁷ So while we must start somewhere, with some intuition about happiness and some specification of which sense of the term is to be investigated, we must also recognize that there are conflicts between prephilosophical intuitions about happiness. I see no way of avoiding this old methodological problem, though I do not infer that the problem is fatal to any effort to reach more than parochial conclusions.⁸

Aristotle grants that people have different things in mind when they speak of happiness, but sees them as competing specifications of the same generally shared understanding of happiness as “the good life” (*to eu zēn*) or “doing well” (*to eu prattein*). That happiness so understood is that good at which politics aims is, he also says, the opinion of nearly everyone (N.E. I.iv.1095a14–21). These assertions are facilitated to some extent by the word he is using for “happiness”—*eudaimonia*—and they pave the way for his understanding of “doing well” as “activity of soul in accordance with excellence.” They are thus crucial to the progress of his argument; both, however, may be disputed. For example, Kant rejected them.

Kant's own definition of happiness (below) is itself highly disputable. And yet some initial general understanding of the phenomenon is unavoidable in a discussion of this topic.⁹ Let me therefore specify that in approaching the notion of "happiness," I have from the start one particular sense of the term in mind, namely that in which we can speak of a person as *generally* happy, as happy over the long term. We do speak of happiness in quite different senses, as when remarking "that was the happiest moment of my life," or "that was pure bliss." But in the long-range sense of "happiness," you could say you are happy even though at the moment of saying it you might not feel happy. We often feel happiness at this or that object; for example, I can be happy when I receive tenure. This is different from the happiness that applies to a life as a whole and thus arises from a certain way of leading a life.

In choosing to reflect on happiness in this more comprehensive sense, I am following Aristotle's lead. You recall his remark that "one swallow does not make a spring, nor does one sunny day; similarly, one day or a short time does not make a man blessed (*makarion*) and happy (*eudaimon*)" (N.E. I.vii.1098a18–20). Kant, too, for all of his differences with Aristotle, speaks of "happiness" in this long-range sense.¹⁰ I thus mean to distinguish happiness from joy, ecstasy, a romantic transcending bliss, and the like. Happiness, in the sense I am discussing it, is not a mood. Moods may perhaps be referred to legitimately by our word "happiness," but I am interested in discussing the long-term sense of the word. It is precisely this sense which people seem most to have in mind when engaged in the *pursuit* of happiness.

I do not wish to imply that momentary bliss and long-range happiness are entirely separable. On the contrary, it seems to me that the former is, when properly understood, dependent on the latter. If by "bliss" one means something like the spiritual or intellectual grasp of reality—something like the contemplation or elevation of soul that Plato, Aristotle, Pope, and a long train of thinkers recommend to us as the height of happiness—then bliss is undergirded by that fundamental arrangement of soul that in turn constitutes long-term happiness. One need not think of bliss in so edified a way, however, to see the point. Contemplating the beauty of a panoramic Alpine vista, absorbing the tranquillity that such beauty affords, grasping that one is but a part of this splendid whole—is the bliss such an activity affords really available to those who are

fundamentally unhappy, over the long term? They may look at the scene, and say it is “really something”; but do they not see with jaundiced eyes?

Of course, we speak of bliss in a still less elevated sense, one that breaks the connection to long-range happiness. I have in mind physical pleasure, and the “bliss” that people speak of after having indulged in a good meal, or something else of that sort. Nature seems to have provided this modicum of bliss to almost everybody. But again, neither noble nor vulgar bliss is the main focus of this paper, and in using the term “happiness” I shall have, unless otherwise indicated, the long-range sense in mind.

Having specified the sense of the term I shall investigate, let me make another preliminary point. “Happiness” has both subjective and objective qualities; it is both an *experience* and a *notion*. Thus, on the one hand, it would be insufficient to characterize the conditions of happiness while ignoring the experience of it. This is so for two reasons. First, the experience of it is part of what we have in mind when using the term, and second, calling such and such the conditions of *happiness* is to have a view of this rather than that experience of which these are the conditions.

On the other hand, happiness is not *just* an experience, and should not be understood simply in terms of the self-understanding or first-person reports of agents. For those reports can be mistaken, as indicated above. I can assert that I am happy, that I am living a happy life, and be wrong. I can say that I feel happy, but be mistaken in applying that term to what I am feeling. Happiness is not a brute feeling, unlike the pain one feels when one is kicked hard in the shin. Rather, it is a relational term; I am happy about the way my life has gone and is going. As I reflect on what I mean when I say my life is or is not happy, I see that I have judgments in mind about myself, the world, what is satisfying now and over the long term, what is worth pursuing and avoiding, and so forth. I could be mistaken in assessing any of these things.

In the first part of this paper I shall discuss further both the experience and the notion of happiness; and I shall argue that the experience of happiness is best understood, *ab initio*, in terms of tranquillity. Hence the second word in the title. At the same time, I shall suggest that we cannot be happy unless we rightly assess the conditions of our happiness. In the second part of this paper, I shall attempt further to elucidate what happiness is by distinguishing it

from what I shall call “contentment,” and shall explore further the connection between happiness and assessment, or reflection. As I shall put it, one needs a right understanding of happiness in order to be happy. The third part of the paper is an attempt to understand the relationship between happiness and a particular kind of reflection, namely, philosophy. Like Epictetus, I think it crucial to explain why a Socrates can be happy even when faced with execution, and the explanation involves the relation between philosophy and happiness. I shall argue that the sort of account Epictetus gives of this remarkable phenomenon is, however, incomplete at best.

The argument of this paper resembles that of ancient ethical theories in that it connects happiness with virtue (or excellence of character), virtue with reflection, and reflection with philosophy. But I am also incorporating several features into the account that are perhaps more modern; in particular, the view that happiness should be described as, in part, a feeling or experience of a certain sort.

Needless to say, there are many other issues that a comprehensive treatment of the subject would have to cover, including the connection between happiness and happenstance, vulnerability, control, social context, time, the passions and emotions, pleasure, the good and goods (both external and internal), the virtues, spiritual fulfillment, and the divine. Above all, my account should be followed by a discussion of what constitutes a well-ordered life, given the overall direction of the argument. I cannot offer any such comprehensive treatment here. My present effort may be compared to a rough sketch of this subtle landscape. I have throughout adhered to Aristotle’s injunction that one should expect only so much precision as the subject matter allows, and I trust the reader will do the same.

I. HAPPINESS AND TRANQUILLITY

Happiness consists in tranquillity and enjoyment. Without tranquillity there can be no enjoyment; and where there is perfect tranquillity there is scarce any thing which is not capable of amusing.

—Adam Smith (*Theory of Moral Sentiments* III.3.30)

Happiness is best characterized, at the start, in terms of tranquillity.¹¹ “Tranquillity” captures the connection between happiness

and being at rest. In the sense of the term that can be predicated of a person over time, of a person's life, happiness is more like rest than motion, in two senses. First, happiness consists in one's being at rest in the sense of lacking significant discord; it is peaceful, at a deep level. Second, it consists in one's being at rest in that it is more like coming to a stop than like a process of moving towards a goal. Happiness is an end state, a completion or fulfillment, rather than an overcoming of a lack.¹² It is thanks to this second point that happiness and contentment are so closely associated; and later, I shall say more about the difference between the two. When you say "I have lived happily" or "I am deeply happy," you mean, among other things, that you do not experience significant internal discord, and that fundamentally you occupy a spiritual place from which you do not desire to move. You are not, at a deep level, anxious; basically, you are properly oriented, and your fundamental stance towards the world is complete, at rest.

"Tranquillity" usually translates the Greek term *ataraxia*, a term that is the natural competitor to the one Plato and Aristotle use, *eudaimonia*. *Eudaimonia* is normally translated, with trepidation, as "happiness," and less often as "blessedness"; *ataraxia* is also difficult to translate, and "tranquillity" is something of an approximation. "Imperturbability" also captures something of its sense. Let me say a few more words about the term *ataraxia*, then explain further why I think it offers a good starting point.

The word *ataraxia* does not appear in Plato or Aristotle. It is to be found in important passages in Sextus Empiricus, Epictetus, Marcus Aurelius, and Epicurus, among others.¹³ The word goes back to Homer. There it is used of horses, among other things; a horse struck by an arrow is said to have "disturbed" (*etaraxe*) the chariot and other horses (*Iliad*, 8.86); Taraxippus ("Disturber of Horses") spooked race courses. In a number of writers the verb can refer to mental or physical personal disturbance, or to the "disturbance" of a polis, i.e., the upsetting of civic discord, since stirring up trouble, agitating, distracting, lead to loss of *ataraxia* in the community. One can "disturb" a thing, as when one stirs up a body of water; a mudslinger or muckraker can "disturb" an individual or a community; one can "disturb" in the sense of meddle, upset; an army or navy that is thrown into confusion is thus described by Thucydides. Thucydides (4.96.3) uses the verb in describing a bat-

tle in which Athenians mistakenly kill one another as a result of their general confusion and disorientation.

In general, then, peacefulness and calmness are akin to *ataraxia*. The condition of not being disturbed, not being spooked, not being torn apart and confused; something like this is *ataraxia*. Understood as *ataraxia*, happiness is a state of mind, or better, a state of soul. In speaking of *eudaimonia*, Epictetus explicitly equates it with *ataraxia*, and that with freedom and an absence of passions (*apatheia*).¹⁴ It is rather like a state of peacefulness, being in control, inner harmony, calm, rest; as opposed to a state of war, unfulfillable desire, internal discord, disturbance, motion, perturbation. There is something right about this view of happiness, although I do not want to endorse the Stoic view in its entirety. Let me elucidate the direction of my argument by means of several passages from Hobbes.

In Part I of the *Leviathan*, we read: “*Continuall successe* in obtaining those things which a man from time to time desireth, that is to say, continuall prospering, is that men call FELICITY; I mean the Felicity of this life. For there is no such thing as perpetuall Tranquillity of mind, while we live here; because Life it selfe is but Motion, and can never be without Desire, nor without Feare, no more than without Sense” (Hobbes 1972, 129–30). Further on in the book Hobbes takes up the same theme. After declaring that there is no such thing as a *summum bonum*, contrary to the “books of the old Morall Philosophers,” he states: “felicity is a continuall progresse of the desire, from one object to another; the attaining of the former, being still but the way to the later. . . . And therefore the voluntary actions, and inclinations of all men, tend, not only to the procuring, but also to the assuring of a contented life. . . . I put for a generall inclination of all mankind, a perpetuall and restlesse desire of Power after power, that ceaseth onely in Death” (ibid., 160–61).¹⁵ In other words, life is continually in motion because it is ceaselessly driven by desire, anxiety, and fear, especially the fear of violent death. Human life is fundamentally disturbance, disquiet, or “*tarachē*.” We move from one object of desire to another, one satisfaction to the next, in a restless search for the stability that stems from security, i.e., an equality of power with other people. From this anxiety or motion Hobbes explains a wide range of human phenomena, from competition to conscience, to ambition to curiosity to eloquence.

If life were like this, in motion and anxious, then we surely

would not call it happy; we would not possess what Hobbes calls “perpetuall Tranquillity of mind,” i.e., that general cessation of the sort of spiritual motion he describes. The operative contrast in Hobbes’s picture is between tranquillity over time and episodes of satisfaction that add up, over time, to “Felicity.” Felicity is inseparable from anxiety, whereas tranquillity is not. We can accept that some lives, that of the tyrant for example, lack even felicity; Xenophon’s *Hiero* provides a wonderful discussion to that effect, and helps us understand why the notion of the “happy tyrant” is oxymoronic.

Hobbes’s parallel distinctions between felicity and tranquillity, motion and rest, desiring and completion, seem basically right. Up to a point we may accept Hobbes’s description of a “felicitous” human life as a continuous movement from anxious desire to satisfaction to anxious desire, and of tranquillity as a continuous and stable sense of peacefulness over time. But we need not accept with Hobbes either that felicity is all there is to happiness, or that it is impossible to achieve it.

The enemy of tranquillity is anxiety. I have in mind not so much anxiety about this or that event—the sort of anxiety one has about getting to the airport on time—but rather a general anxiety about things being out of kilter, not stable, not holding, potentially dissolving.¹⁶ When Hobbes talks about people’s fear that their competitors might gain more power, enough power to threaten them, he is getting at this general anxiety, though he remains within the sphere of the political. That nagging doubt, or even the quiet dread of . . . of what? Perhaps it is something like the dread that the foundations on which we built our life are not yet finished, or may crumble, or never were well laid. Existentially this sense of being at risk might manifest itself in a number of different ways. Perhaps (one might think), “My life has been a waste, amounted to nothing. What have I become? What will become of me? Was this a praiseworthy life?” Even worse, the soul may whisper to itself: “I don’t know, things are so difficult to discern clearly, I seem surrounded by grayness and beyond that by darkness, everything is so . . . indefinite, formless.” When worries such as these eat away your soul, anxiety or *tarachē* has won out over happiness.¹⁷

The opposite of anxiety, *ataraxia*, captures the affective, subjective dimension of happiness. Recognizing this dimension does not mean that happiness is merely a state of mind or a feeling. But hap-

piness is, I believe, recognizable in part by such affects and is inseparable from them. The feeling or experience or state of mind denoted by *ataraxia* is, speaking in broad terms once again, something like a sense of basic tranquillity, restfulness, or peacefulness.

The association of happiness with tranquillity is a very old one, and seems to me to articulate one fundamental view of the matter. A competing view follows Aristotle in associating happiness with activity (*energeia*). Aristotelians define happiness as activity of the soul in accordance with excellence (*arete*). Happiness is the *summum bonum*, and the highest good for a person consists in excellence in his proper function (*ergon*), i.e., in the proper activity or work of the psyche. There is a place, if a problematic one, for "external goods" in this picture; happiness is not just the exercise of virtue. This is what one might call an objectivist definition of happiness, and it has several obvious advantages. It provides us with a means of assessing claims to happiness and of explaining how people can be mistaken in thinking they are happy. It links up happiness with ethics and with how one leads one's life as a whole. It provides a basis for distinguishing between happiness and contentment.

Putting aside problems of making sense of Aristotle's notions of soul, natural function, and excellence, and the famous difficulty of reconciling practical and theoretical virtue, however, this definition does not connect clearly with the *experience* of happiness.¹⁸ Aristotle says that excellence (*arete*) is not a feeling (a *pathos*) (N.E. II.v.1105b27), and he never says that happiness is a feeling.¹⁹ Since happiness is *energeia*, it would seem at odds with the passivity connoted by the term *pathos*. And as an activity in accordance with virtues that by definition are not feelings, it would be strange if Aristotle thought of happiness as a feeling or emotion. His word for happiness (*eudaimonia*), and his association of happiness with human flourishing, lead him to think of happiness as a *condition* of the self rather than an *experience*.

Yet it is odd to divorce one's description of the happy life from the way such a life is actually experienced. Is proper functioning of the soul compatible with a life of unsettled anxiety? Does it really make sense to call a life "happy" that exhibits ethical excellence in Aristotle's sense but is not experienced by the actor as—what shall we say—happy? That is, could you be happy in Aristotle's sense but not be aware that you are happy? I doubt that either Aristotle or we would answer in the affirmative. About the closest Aristotle gets

to a sustained discussion of the question is in his analysis of pleasure in the *Nicomachean Ethics* I.viii, of pleasure and friendship in IX.ix (he notes for example that friends help the good man become aware of his own existence as something good), and of pleasure and theoretical virtue in book X. He does grant that a life of misery and pain (such as that of Priam) cannot be happy. Yet this remains distant from what I take to be a legitimate demand in a discussion of happiness, namely that the notion be explicitly linked up with some view of what it feels like to be happy. Aristotle's reticence on the subject leaves open the objection that he has analyzed not happiness so much as the conditions for being ethical, and further that one could be ethical in his sense but, affectively speaking, be unhappy.²⁰ An objection of this sort would, if successful, create serious conceptual difficulties for Aristotle's ethical theory. I am suggesting that "tranquillity" begins to satisfy this general demand, though I do not claim it is compatible with relevant aspects of Aristotle's *Ethics* (*ataraxia* is nowhere mentioned by Aristotle). It is hard to see how Aristotle would connect tranquillity to activity of the soul in accordance with virtue, especially because such activity indisputably requires, on his account, moral virtue. Can the tumultuous life of the courageous statesman or soldier be happy in the sense of tranquil, on Aristotle's view?

A second difficulty with the Aristotelian view of happiness is his notion that happiness is activity not simply as the actualization of potentiality, but as *actions*; the *telos* consists in actions, or activities (*N.E.* I.vii.1098b15–20). Happiness is not a movement (*kinesis*) from a beginning point to some *telos*; it is the actualization of that *telos*. *Kinesis* ceases when it reaches its *telos*; *energeia* does not. Yet *eudaimonia* is not simply lack of movement either; it is the kind of spiritual or intellectual motion engaged in when we philosophize or listen to music.²¹ One could be moved by those experiences, or undergo them as one would painful work. Insofar as this view lacks a place for the notion that happiness is rest and peacefulness, it strikes me as, at the very least, incomplete.

Neither of the two basic alternative views of happiness—the Aristotelean and the Stoic—is alone adequate.²² I have given some reasons why I think this true of happiness as Aristotelian activity. In spite of my endorsement of the association of happiness with tranquillity, however, one cannot accept that association without emendation. There are two main reasons for this.

First, it would be too easy to infer that felt tranquillity is real tranquillity, thereby eliminating the possibility of a person's being mistaken about being happy and, with it, the distinction between contentment and happiness, tranquillization and tranquillity. I take it that our account must preserve the possibility of self-deception or failure of self-knowledge; and therefore that, as already indicated, we require something like an objectivist view of the sort Aristotle articulates.

Second, the tranquillity view of happiness tends to be associated with *apatheia*, passionlessness, a levelling out of the emotions, detachment or indifference. This is precisely because of the link between tranquillity and rest, peacefulness, and the other qualities already spoken of, and the contrary association of the passions, emotions, and attachment with perturbation, discord, motion. Yet a life of tranquillity that is free of passion and attachment rightly strikes us as barren, dry, and uninspired—as forsaking much that is of value in human life. To eliminate psychic motion altogether, rather than to moderate it as appropriate, and then to call the resulting tranquillity “happiness” seems to purchase happiness at the price of human fulfillment, serenity at the price of humanity. Why should we accept a notion of happiness that demands so high a price? Epictetus admonishes in the *Enchiridion* (11): “Never say about anything, ‘I have lost it,’ but only ‘I have given it back.’ Is your child dead? It has been given back. Is your wife dead? She has been given back.” Or again, Epictetus recommends that we react to the death of our child or wife just as we would to another man's loss of his child or wife (26). Happiness is, he contends in the *Discourses*, to be “*apathē*,” *atarachon*,” to have your own affairs under your control (IV.iv, 36–37). “Have you not heard over and over again that you ought to eradicate desire utterly, direct your aversion towards the things that lie within the sphere of choice, and these things only, that you ought to give up everything, your body, your property, your reputation, your books, turmoil, office, freedom from office?” (IV.iv.33).²³ To be passionate is to be moved, sometimes by things that are not under our control; at one level, then, passion is the price of *ataraxia*, precisely as Epictetus argues. In the final analysis, this view of tranquillity is so extreme as to provoke a Nietzschean question about its pathology; what sickness of soul, we are moved to ask, would lead us to sacrifice so much for happiness so

understood?²⁴ I do not wish to answer this question, so much as to register my agreement with the reason that prompts it.

If neither of the two fundamental views of happiness stands on its own, how are we to synthesize them? I have claimed that we must begin by seeing a close connection between happiness and tranquillity, but I am also claiming that happiness is to be connected, in some sense, to activity, to the passions, and to assessment. How are restfulness and spritual motion to be combined? Detachment and attachment? Inner peace and desire, incompleteness, lacking? It seems to me that a successful theory of happiness must answer these questions.

I suggested above that two senses of anxiety should be distinguished, the first an everyday anxiety about this or that event (missing my plane, etc.), the second a general anxiety that things are out of kilter, formless or disintegrating. I also suggested a distinction between Hobbesian felicity and tranquillity. The antidote to the first sort of anxiety is felicity. I make my plane, get the job I wanted, have a good meal; my anxiety about these things ends, I am in a good mood, and am satisfied for now. The antidote to the second sort of anxiety is tranquillity; at heart, I know who I am, where I am going, how I fit into the whole scheme, and indeed that there is a whole scheme into which I fit.

Happiness provides a sense of reflective integration over time.²⁵ Happiness as tranquillity in this long-lasting, structural sense is compatible with anxiety in the everyday sense. It is not so much equanimity as it is equipoise, balance, coherence, and settledness in one's basic stance. By contrast, the anxious person in the second sense of the term is fundamentally disturbed, off balance, never settled in the conviction that this is fundamentally the right way to spend one's life. The fittingness of one's basic stance is evident through reflection and, affectively, by the feeling that basically one would change nothing in one's life. One has lived and will live in this way; at that structural level, one is at rest, and tranquillity is correspondingly a sort of rest, of peacefulness, as I suggested at the start of this discussion.

One can and indeed must have all sorts of passions, attachments, commitments. These may well be turbulent at times; they certainly put one's happiness, in the sense of mood, at risk, for to some degree they put it in the hands of others. One's life may have mo-

ments of ecstasy or transcending bliss, and moments of anxiety in our first, ordinary sense of the term. Fortune will affect the course of things at this level. At the second-order level, however, one can be tranquil in the midst of first-order perturbation, though not every perturbation. One can be peaceful but engaged. Take Epictetus's example of losing a wife or child. My child suddenly dies; on Epictetus's account, tranquillity seems to require no, or virtually no, emotional response (cf. the *Republic*, 603e ff.). On my account it would and ought naturally lead to tremendous grief, proportionate to the loss. I have not therefore lost my tranquillity; for I will still say that it was right and good that I had this child, I would do it again, I would have others. I do not wish to push this to the absolute extreme, and say that a person enduring the tortures of a concentration camp could still be tranquil in my sense. But a person enduring the fate of a Socrates or Boethius might well be.²⁶

It follows from this account that tranquillity or happiness will require assessment and reflection, but not that one be impervious to things outside one's sphere of choice or control. Epictetus thought Socrates' tranquillity on his death bed explicable on the basis that Socrates was, in effect, a Stoic. While I see why one might make that argument, I do not believe that it is faithful either to what Socrates means when he says, in the *Phaedo*, that philosophy is a preparation for death, or to his praise of eros in other dialogues. My construal of the relation between tranquillity and the tumult of ordinary life allows that Socrates would both experience great tranquillity in his life-long commitment to philosophy, a commitment that on his own account has brought him to his jail cell, and also experience everything from pain caused by the shackles to sorrow at the prospect of death. Tranquillity does not require *apatheia*. My account allows us to understand both how philosophy might provide Socrates his tranquillity, and at the same time be the sort of painful dialectical struggle for truth depicted in Plato's dialogues and re-enacted in so many philosophical conversations.

Yet I do not accept the extreme claim of Epicurus, who is said to have argued that the wise man could be happy (retain *ataraxia*) even on the rack.²⁷ There is no mathematically precise way to describe just how resistant tranquillity is to the misfortunes of life. But although it is not absolutely resistant, the example of Socrates reminds us that it is within our grasp even in the context of great misfortune, if only we have developed a reflective stance to which

our lives testify. I am not, therefore, breaking the tie between "happiness" and "hap" (that which comes about by chance or fortune).

Happiness is, I have insisted, a feeling as well as a reflective stance. But it is not this or that feeling.²⁸ It is rather like that feeling or felt quality that attends many other feelings one has in the course of a life one has assessed as being rightly oriented. The feelings it attends will include those of satisfaction, joy, delight, perhaps bliss; and it will settle over them all as the evening's light over the mountains. There will be shadows, too—feelings of frustration, incompleteness in this or that regard, regret, and so forth. These are not incompatible with the judgment that as a whole, one's life has been rightly oriented. The feeling of happiness, in my sense, signals a recognition that you are basically satisfied with who you are, and with reason; you do not want to be somebody else.

I have been sketching a way of reconciling two fundamental notions of happiness. I have attempted, among other things, to articulate that paradoxical mix of activity and passivity, of self-directedness and of feeling as though one is being carried by events in the direction one would wish for, that characterizes the experience of happiness. Later, I shall say why this reconciliation is problematic, and shall then try to show a way out of the difficulty. But first it is important to reflect further on the distinction between happiness or tranquillity and the related phenomenon of contentment.

II. HAPPINESS AND CONTENTMENT

For who is content is happy. But as soon as any new uneasiness comes in, this Happiness is disturb'd, and we are set afresh on work in the pursuit of Happiness.

—John Locke (1990, 273)

Tranquillity and felicity resemble one another, especially when one focuses on the feelings involved. Both seem describable as resting points, as lacking disturbance and anxiety, as exhibiting calmness and peacefulness. The momentarily satisfied person's abilities and passions have reached an equilibrium for now, in a way that mimics that stability recommended by the Stoics. He has what he wants, and enough of the things one ordinarily desires, and is satisfied with that.²⁹ But this feeling is not lasting. In this respect, Hobbes's "felicity" is like Locke's "contentment." It persists only until a "new un-

easiness" sets in. I could be content with my job interview in the sense that it went well, but be very unhappy generally, even appalled at the whole path of life on which this job interview, indeed this job, are steps. One can be contented, even contented repeatedly, without being happy.

And even if one *were* content over the long haul, even if one possessed what Hobbes calls "felicity," there is a more important way in which it is distinguished from happiness as I have characterized it; and that is the tendency of contentment to reduce itself to a state of mind severed from an appraisal of the truth of the matter. Contentment and unreflectiveness are natural allies. At the extreme, the content are, so to speak, tranquillized. I have in mind the figure of the contented slave, or the contented sinner; someone resigned to the limitations of life, someone for whom the link between the subjective feeling and an assessment of the worthiness of his life is broken.³⁰ It is for this reason that Nietzsche heaps such scorn on happiness understood as contentment, and Heidegger portrays daily existence as "inauthentic" and as mired unreflectively in the "everyday."³¹ Contentment seems to be the road to mediocrity. It is often compared to the life of the beasts, not without reason; my dog, for example, can certainly be happy in the sense of being content. When you doze after a fine meal, you are not happy, however peaceful you may be. You are semiconscious, and contented.

One could reply that we sometimes use the word "contentment" to refer precisely to the sort of reflective tranquillity I have sketched in Part I above, and "happiness" in reference to, say, one's dog. I grant the objection, but it is merely a verbal point. We also use the words in the sense I am now isolating, and we recognize the distinction between the phenomena in question.

The confusion between the phenomena of happiness and contentment is, nevertheless, widespread. The often-belated recognition that the two are distinct is perhaps not as widespread, but it is the sort of stuff of which the wisdom of the elders is made. The confusion is so systematic that it was used quite persuasively by Adam Smith to explain why people strive so mightily for goods that will not, in fact, bring them happiness. Taking his cue from Hobbes, Smith sees us as naturally bent on what he calls "bettering our condition." We better our condition by accumulating the "goods of fortune"—external goods, as well as wealth, reputation, and power. We do so not in order to satisfy our bodily desires,

Smith argues, but in order to find ourselves the objects of approbation; for therein, we imagine, lies happiness (*Theory of Moral Sentiments* I.iii.2.1). Smith refers to this as a “prejudice” of the imagination, and as a “deception.” He remarks that a man who imagines himself in the condition of the rich “thinks if he had attained all these [good things], he would sit still contentedly, and be quiet, enjoying himself in the thought of the happiness and tranquillity of his situation. He is enchanted with the distant idea of this felicity” (ibid., IV.I.7).³² And to attain that superior station, he labors day and night, achieving moments of contentment, but always anxious to progress a bit further, to earn that much more admiration from society. At what point does he see that he has sacrificed “a real tranquillity that is at all times in his power”? It is in old age, once he has attained wealth and power, as he lies “in the last dregs of life, his body wasted with toil and diseases, his mind galled and ruffled by the memory of a thousand injuries and disappointments which he imagines he has met with from the injustice of his enemies, or from the perfidy and ingratitude of his friends, that he begins at last to find that wealth and greatness are mere trinkets of frivolous utility, no more adapted for procuring ease of body or tranquillity of mind than the tweezer-cases of the lover of toys” (ibid., IV.I.8). Then he sees the difference between contentment and real tranquillity.

When one’s state of mind is at odds with the relevant facts of one’s life, as in Smith’s example, one is liable to regret or to be ashamed. The phenomena of regret and shame supply corroborating evidence, I think, that we naturally connect happiness with some objective state of affairs. Suppose you earned your feelings of tranquillity by means of some immoral, but secret act. Your condition of life and mind is such that you would seem to be happy; spectators think you are happy; but if the facts were known to others you would be ashamed. Even if the facts are not known, you know, somewhere in your soul, that you do not deserve to be happy, and so are not happy. You are not what you say you are. A sense of guilt, and an anxiety about being found out, bubble underneath the surface of your life. This is not an uncommon experience; it buttresses the case I am making for a distinction between happiness and contentment. In this way I grant Kant’s distinction between happiness and the worthiness to be happy; except that the former I view as contentment, and the latter as happiness.³³

Smith's compelling picture of what others would call the life of the bourgeois shows that, on an individual level, that life is vulnerable. First, misfortune or simple failure to reach the desired status puts contentment itself at risk; second, even when attained, it does not amount to true happiness; third, even when attained, it can be taken away. Consequently, this sort of "happiness" is hostage to political or social upheavals.³⁴ Fourth, in a sense this "happiness" is never really attained. There is never enough of the good things the possession of which allegedly constitutes happiness. The pursuit of happiness, so understood, can never rest. The notion of happiness as tranquillity, by contrast, allows for the desired stability and security.

I have argued that however much a person's subjective state of mind feels content, there must be a fact of the matter relative to which it can be evaluated if we are to baptize that person "happy." Let me offer four rather extreme examples by way of illustrating this point. The sort of contentment spoken of by Locke and Hobbes and Rousseau clearly involves an assessment of one's life and its worth. Given our tendency, however, to think of happiness in completely subjective terms, such that either no assessment of self is required or the individual's assessment is final, no matter how absurd, some attention to these more extreme examples is of use.

First, suppose that a drug were invented and were dripped into your veins, painlessly and continuously.³⁵ Let us pretend that the technical name of this drug is *Ataraxy*. Suppose further that *Ataraxy* made you unaware that you were taking it. As a result you experienced contentment over the long haul, even though your life alternated between prolonged periods as a couch potato watching soap operas, and indulgence in violent "drive-by" murders. We would want to deny that such a person is happy, however complete the feeling of tranquillity may be. For the person on *Ataraxy* to say of himself that he is happy (as always, in our long-range sense) is, at a minimum, to say that his tranquillity reflects his life's activities in a satisfying way. This, in turn, assumes that the person is fully aware of what those activities are (e.g., that he is aware that he does engage in violent murders and that these are *murders*). If *Ataraxy* prevents this awareness, then he is not happy. If *Ataraxy* allows it, then he might be happy, but only if he has made no mistake about his activities and their capacity to satisfy. He must believe that it is "all right" to do what he does; but if he is wrong in this belief, then he

is not happy. Happiness is linked to beliefs about the world, and these can be true or false.

Suppose, to take another example, you think yourself very happy because you think you have discovered that Elvis lives. Impartial spectators investigate, and find that a very clever impostor has tricked you. You experienced contentment, even delight, in your (false) belief. But since your belief was false, were you truly happy? I do not think so; for your life is not such as you would wish it to be on reflection, in the light of an accurate assessment of the situation. Or if you are truly happy, then why would you not be truly happy when on Ataraxy?

A third example: Say you woke up one day in your habitual spot, a heating vent on the sidewalk, fantasizing that you are rich. Suppose the fantasy takes hold; you believe yourself to be Mr. Onassis at his winter château in Gstaad. You are very happy. Or are you? You are living in a dream world and are delighted with life, but surely you are not happy. You are in fact malnourished, hungry, exposed to the elements, cold, and fighting various diseases. It is not true that ignorance is bliss; you are vulnerable in your ignorance (e.g., to hunger). This is not a formula for long-term tranquillity, for the sense of happiness under investigation here. It may be counted as a formula only for short-term contentment, at best.

Further, "happiness" achieved by fantasy seems truncated. As you lie on the heating vent, you picture the adoration bestowed on the wealthy and powerful, you imagine yourself its object; but you do not know their lives, their conversations, their failures, their triumphs. The image you conjure up in your dream life is a cartoon, and so at best a truncated partaking that does not measure up to its own object. You are not living that life, it is not yours. Even if being Onassis and eating his caviar were happiness—and I do not concede that—deluding yourself into thinking that his life is yours does not in fact provide you with the satisfactions of his life.

Consider a fourth example. Suppose you habitually drank too much and then regretted it the next morning. Suppose you went on like that for years. While drunk, you are content; in the cold light of sobriety, as you contemplate your bloodshot eyes and pudgy face in the morning's mirror, you realize that you are terribly unhappy, and that the contentment found in the bottle is a flight from the underlying deficiency of your life. It is a flight into ignorance and forgetfulness. Your contentment is a coverup of your unhappi-

ness. It seems to me that in one form or another this sort of experience is common, and reveals several important truths, one of which is that one cannot be happy if one harbors a well-grounded, standing dissatisfaction with oneself, with how one really is.³⁶ This suggests that, to be happy, one must have the sort of desires a reflective person would want. In reflecting on myself, I must affirm that I am basically ordered such as I would want to be, if I am rightly to say that my life is a happy one. This helps explain why we place such a premium on long-term happiness: we see that such happiness is connected to a well-ordered life, one that is worth having.

Examples such as these suggest that while a tranquil state of mind is necessary for happiness, it is not sufficient. One's happiness is also inseparable from a reflective arrangement of one's life, which must be evaluatively linked to a notion of what sort of life is worth living. Happiness is not to be understood *simply* as a state of mind. Happiness is linked with reflectiveness, with assessment.

Purely affectual notions of happiness suffer from three defects. First, they are unstable; such happiness tends to be evanescent and destroyed by daily reality—as when after a fine day of fantasizing, your stomach is empty rather than full of caviar. Because it is unstable, it is vulnerable. What you do not know *can* hurt you. Consider an example from *Othello*. Incorrectly thinking Desdemona unfaithful, Othello cries: “I had been happy, if the general camp,/Pioneers and all, had tasted her sweet body,/So I had nothing known. O, now for ever/Farewell the tranquil mind! farewell content!” (3.3, l. 347–350). Othello is unhappy in a false belief; he says he would rather be ignorant and happy, but in fact the dramatic irony of the scene shows us the opposite. He would in fact be happy if he had known the truth, as the tragic ending of the play underlines. This is not simply because the truth is what he wants to hear. He would, I think, likely have been happier (once again, in my long-range sense of the term) even if Desdemona had been unfaithful.

Happiness based on self-delusion is also susceptible to the power of questioning, as when the alcoholic is made to confront head-on the question, “*Why* are you drinking?” I do not mean that this question would, itself, change the alcoholic's behavior; I mean that conceits about the “happiness” supposedly provided by alcohol are vulnerable to severe deflation. They do not stand up to (self-) questioning. I have said, however, that I am investigating “happiness” in the long-range sense, one that requires a stability of self.

Second, even if the deluded state of mind were stable, in the sense of being temporally long lasting (with the help of Ataraxy, for example), we cannot say of it that it is "happiness" without entering into an evaluative reflection about the sorts of things or activities that provide this happiness.

Third, if your experience is that of a fantasy rather than of the real thing, whatever "happiness" you derive is not a product of your being, or doing, the real thing. If, when inebriated, you imagine yourself happy because you are beloved by a family to which you are devoted, whereas in fact your family is in tatters precisely because of your drinking, is your "happiness" of the same quality or depth as that which stems from really being loved by a family to which one really is devoted? It would be impossible to produce a knock-down argument showing that the answer is negative. But consider an analogy. We frequently talk about the difference between crude and refined responses to music, and about the process of acquiring a discriminating ear such that we experience the difference between good and bad music. We know that part of this difference is that good music is not just better crafted but deeper, perhaps more original, and that listening to it with educated appreciation provides a correspondingly deeper, better aesthetic pleasure than third-rate music can provide. In music, as in other fields, much of what we call education is focused on bringing about this difference in the person's experience. Similarly, we are faithful to experience in distinguishing similarly between the "happiness" a drunkard imagines and the happiness he would possess if it were a product of reality and not fantasy.

Happiness is, then, linked to second-order desire (the desire to have the desires one has and in the way one has them). Contentment may be thought of as the satisfaction of desire(s); happiness, as the justified satisfaction that one is desiring the right things in the right way. There is therefore a connection between happiness and our conception of happiness; one needs a right understanding of it in order to have it. Since a conception of happiness must be acquired with effort, and since patterning one's life on that conception also takes effort, it follows from my account that happiness cannot simply happen to a person. It is not "found" in any normal sense. Happiness requires work. This parallels Aristotle's account of the connection between happiness and both virtues and *phronesis*.

Neither virtues nor *phronesis* come, in their full sense, automatically; they require sustained exertion and exercise.

III. PHILOSOPHY AND HAPPINESS

They do not understand how that which differs with itself is in agreement: harmony consists of opposing tension, like that of the bow and the lyre.

—Heraclitus³⁷

Let us say that I am tranquil in the sense described thus far. For good reasons I am satisfied with my basic stance; I am committed to the right sorts of things, in the right way, and I act accordingly. I have no significant standing dissatisfactions with myself; I have the sorts of wants I would wish to have on reflection, I am reasonably well ordered, basically I am complete. Let us also say, so as to simplify, that I am neither in agony nor in despair in a day-to-day sense.

Tranquillity requires assessment, evaluation of my stance; otherwise it would be difficult to distinguish between contentment and tranquillity. The question "Am I happy?" develops, on my account, into the question, "Am I, on the whole, the sort of person I ought to be?" The assessment required by the latter question is a philosophical one. From Socrates on down through the tradition, the questions "Who am I?" and "What sort of person ought I be?" are simply fundamental to the philosophical enterprise.

The term "philosophical," however, is used in many ways, two of which interest me here. One sense of the term is used by the Stoics especially. There it denotes something like the dialogue that Epictetus portrays, the sort of dialogue that leads not to the investigation of epistemological or metaphysical theses, but to the clarification of principles that will permit a tranquil life. That is, "philosophy" is something like the art of living; its orientation is practical rather than theoretical. Insofar as Epictetus's *Discourses* resist a turn towards speculative theory, and are intended simply to explain and defend a few basic principles as well as what is required to live in accordance with them, these dialogues are remarkably un-Socratic, especially if Plato's portrait of Socrates is taken as the standard.³⁸ The interlocutor rarely responds with sustained force. There is no upward, erotic ascent in Epictetus's dialectic; nothing of the So-

cratic passion for knowledge; no termination in *aporia*, no sense of the potential irresolvability of clashing views. Contradictory wants are sorted out, made consistent with happiness understood as tranquillity, and a conception of self and of a way of life are provided—but are not themselves subject to further dialectical examination.

Correspondingly, as in so many “philosophies of life,” there is a great deal that philosophy, in a more Socratic/Platonic sense, would find question-begging. “Philosophy” in this second sense—the sense I shall use for the remainder of this paper—would surely attack the connection between happiness, tranquillity, and control. But my task here is not to delve into the intricacies of Stoicism, but rather to argue that the sort of bothersome questions Plato’s Socrates pursues are necessarily connected with the rational assessment of self I have made necessary to happiness.³⁹ I do not mean that the answers one ends up with are those of Socrates; I mean that the kind of dialogical reflection in which one engages is like that of Socrates. It is full of *aporiai*, yielding of further questions, never straightforwardly self-justifying, always lacking, and incomplete.

Philosophy so understood is a passionate activity, and usually a painful dialectical labor as well. But that in itself does not establish any tension between it and happiness as I have described it, since I have argued that meta-level tranquillity and object-level perturbation are compatible. One need not agree with Aristotle that “the pleasures of gaining knowledge involve no pain” (*N.E.* X.iii.1173b16–17), or that the life of contemplation and philosophy contains pleasures of wondrous purity (*N.E.* X.vi.1177a25–27), in order to maintain the link between tranquillity and philosophy. Aristotle’s picture in the *Ethics* of the theoretical life is idealized and abstracts from philosophizing as it is in actuality.

The perpetual incompleteness and self-overcoming of this particular sort of activity, however, does suggest an underlying incompatibility with happiness. The philosopher will, on the one hand, naturally ascend from questions about human phenomena to second-order questions about whether this or that is the right stance to take towards the world, eventually settling on the philosophical stance, precisely as Socrates does over and over again in Plato’s dialogues. When Socrates declares that the “unexamined life is not worth living for a human being” (*Apology* 38a5–6), he is declaring his allegiance to that stance. And yet, one of the consistent themes in the Platonic dialogues concerns the nature and defensibility of

the philosophical life. But this is just to say that the stability of a general stance towards the world, that framework which permitted tranquillity in the midst of turbulence, is undermined and itself thrown into motion. One becomes just as Socrates describes eros in the *Symposium*; in-between, lacking, desiring to overcome, perpetually in motion between poles of ignorance and wisdom, but also with resourcefulness. This is why, I think, Socrates never says that philosophizing is happiness or a happy activity, though Crito thinks Socrates himself always of happy temperament and remarks on his amazing calmness as he awaits execution.⁴⁰ In Plato's portrayal, only on the day of his death does Socrates smile.

Wisdom, by contrast, is portrayed by Socrates as supreme happiness (*Phaedrus* 247d; *Symposium* 212a; *Republic* 516c). For the wise, motion and rest are harmonized; this is captured rather beautifully by the image of the circular rotation of *noûs*, i.e., of the activity of mind that is contemplation by the wise (*Phaedrus* 247b6–e6). Happiness is this activity of simultaneous rest and repose. But, Socrates also tells us, wisdom is impossible in this life. Consequently, it would seem that happiness is impossible in this life. Happiness is impossible both without philosophy and with it.

Or is it? Consider the following. Both the practice of philosophizing and reflections about finitude and our desire to overcome it leave us with this picture: human beings are perpetually incomplete, and when reflective about that incompleteness, they are engaged in philosophy. As such they are dissatisfied with the answers to object-level questions, as well as with questions about the viability of the philosophical life itself. Reflecting on this life of reflection about philosophy and other topics, however, the framework of a reasonably stable stance emerges. For one sees, from this bird's-eye perspective, that the stance represented by the philosophical life is superior relative to its competitors; one sees that the philosophical life is not absolutely defensible so much as it is relatively defensible against all comers to date. One sees that by means of it, false alternatives have been isolated; that the features of the real alternatives have been discerned and brought into question; and that the process of philosophical dialogue does afford greater and greater understanding. A metaphysics takes shape correspondingly; it provides a way of contextualizing human life in an ordered cosmos. This metaphysics will itself be held open to question, as is only appropriate, given that we are not wise but are lovers of wisdom. It

will amount to what Socrates calls “human wisdom” (*Apology* 20d8). The philosopher will ask whether he has cooked up this metaphysics in a desperate attempt to make himself happy (as Socrates himself wonders at *Philebus* 28c), or whether it provides the best explanation of the phenomena. Has the philosopher shown only that any competing view that offers a *logos* can be out-argued? I would maintain that in its openness to questioning, even our most basic framework confirms the authority of the philosophical life, for that life consists precisely in posing questions and seeking answers, always with an awareness of the possibility that one’s answers are open to further reasonable questions. Does this self-confirmation amounts to genuine openness, or to closure? Is it circular in a good or bad sense? The Socratic philosopher will recognize these questions as his own.

I am merely sketching the sort of answer I would give to the problem I raised about my own view of happiness.⁴¹ I am suggesting that a third-order reflection on philosophy itself provides a sort of ledge on which one can sit, not with complete safety, but still with stability. That place is integrated with a commitment to philosophy, as well as with the day-to-day activity of philosophizing about this or that. Questioning the niche we have attained philosophically confirms it performatively, since it is an instance of the very activity we call philosophy. This metaphilosophical position may be far from the summit, but on the other hand it is far enough up so as to afford perspective and the long view. To that extent, it is the basis for whatever tranquillity nature has afforded us, and it is compatible with turbulence at both the first- and second-order levels of reflection. Differently put, that stance which is the philosophical life may be espoused in a *measured* way, in a manner that is proportionate to our self-knowledge. In its measuredness, it is tranquil.

Let me close with a reformulation of the connection between philosophy and tranquillity I have been sketching. Happiness, understood as tranquillity, might metaphorically be understood as motion in a circle that is at rest. The circle, or framework, or stance provides the stability within which activity, passion, striving, philosophizing, are oriented. Since Socratic philosophers also feel compelled to question philosophy itself, i.e., their own circle or framework or stance, they seem to undermine the basis for their own tranquillity. This process of self-undermining, however, is itself an instance of philosophizing, and therefore confirms philosophy as in-

dispensable to reflective self-knowledge. The recognition that this is so, as well as the recognition that even this thesis cannot be held dogmatically, are themselves the circle or framework or stance that—aporetically—form the basis for tranquillity.

No tranquillity of this sort can perfectly combine rest and motion. We will never be those Platonic souls who, perfected, rest while circling and feasting on the divine. They are carried around in a comprehensive vision of truth, and need only sit still and let the mind nourish itself. So as to become *like* them, we must originate our own motion, and rest tranquil in the recognition that our circle is philosophical.

NOTES

1. For an excellent treatment of Hegel on happiness, see Wood 1991, chapter 3.
2. I refer to Sidgwick 1981, bk. II, chs. 5, 6, *et passim*.
3. It bears the amazing title *The Conquest of Happiness*.
4. See Annas 1993, Telfer 1980, and Strasser 1967, 286–302. For a review and bibliography of other literature see Den Uyl and Machan 1983.
5. Kant (1949, 35–36) provides one explanation: “But, unfortunately, the notion of happiness is so indefinite that although every man wishes to attain it, yet he never can say definitely and consistently what it is that he really wishes and wills. The reason of this is that all the elements which belong to the notion of happiness are altogether empirical, that is, they must be borrowed from experience, and nevertheless the idea of happiness requires an absolute whole, a maximum of welfare in my present and all future circumstances. . . . [But] he is unable, on any principle, to determine with certainty what would make him truly happy; because to do so he would need to be omniscient. . . . The problem to determine certainly and universally what action would promote the happiness of a rational being is completely insoluble . . . because happiness is not an ideal of reason but of imagination, resting solely on empirical grounds.” See also Kant 1993, 20 and also 25: happiness varies from person to person, and in that sense is subjective because “where one places one’s happiness is a question of the particular feeling of pleasure or displeasure in each person, and even of the differences in needs occasioned by changes of feeling in one and the same person.” From Kant’s standpoint, then, Aristotle’s discussion of “happiness”—indeed, his whole discussion of ethics—amounts to a badly executed anthropology. In this paper my position on happiness is incompatible with that of Kant.
6. On the short-term sense, see for example Nietzsche’s comment (*Beyond Good and Evil*, sec. 279): “Men of profound sadness betray themselves

when they are happy: they have a way of embracing happiness as if they wanted to crush and suffocate it, from jealousy: alas, they know only too well that it will flee." Cf. Solon's remark to Croesus: "Until he is dead, hold off, and not yet call him happy, but fortunate." Herodotus I.32.

7. This "empirical question" is, I admit, notoriously difficult to substantiate. For an attempt at an empirical determination of what people say about their own happiness, see Scitovsky 1992, esp. ch. 7. Perhaps it is instructive to listen to the testimony of those who have succeeded in accumulating wealth: Ross Perot declared in his Commencement address at Boston University on May 22, 1994 that he knows personally almost all of the very rich people in the world and that virtually none of them is happy.
8. Annas remarks that "the development of the debate about virtue and happiness from Aristotle through the Stoics to Antiochus rests on this point of method: how much of the content of our initial intuitions about happiness is it important to retain?" The debate concerned in part the "choice of candidate for giving us the content of happiness—pleasure, tranquillity, virtue and so on" (Annas 1993, 233).
9. For example, Leibniz remarks (through Theophilius) that "happiness is nothing but lasting joy"; and "joy appears to me to signify a state in which pleasure predominates in us" (Leibniz 1981, 90, 166).
10. See the quotation from the *Fundamental Principles* in n5 above.
11. Cf. Epictetus's remark: "What, then, is the fruit of these doctrines? Precisely that which must needs be both the fairest and the most becoming for those who are being truly educated—tranquillity (*ataraxia*), fearlessness, freedom." *Discourses* II.i.21–22.
12. Cf. Rousseau's remarks about happiness in the fifth *Promenade* (1979, 68–9).
13. In this paragraph I draw upon Edmunds 1987, ch. 2.
14. See Epictetus, *Discourses* IV.iv.34–38, vi.34, IV.viii.27–33, and *Enchiridion* 29.7.
15. For a similar contrast between "uneasiness" and "happiness" see Locke 1990 II.xxi.42–46.
16. My distinction between the two kinds of anxiety parallels (though it may not be the same as) Heidegger's distinction between fear and *Angst* in *Being and Time* I.6 section 40. Heidegger there says that in the latter one feels "uncanny" (or "unfamiliar," "not at home"; *unheimlich*), which would naturally seem to be an anxious feeling. By II.3, however, Heidegger speaks briefly of this *Angst* as bringing "joy" along with it.
17. Many passages, especially among the moderns, will be found to articulate the sense that, in short, "God is dead." Cf. Smith's musing: "To this universal benevolence, on the contrary, the very suspicion of a fatherless world, must be the most melancholy of all reflections; from the thought that all the unknown regions of infinite and incomprehensible space may be filled with nothing but endless misery and wretchedness. All the splendour of the highest prosperity can never enlighten the gloom with which so

dreadful an idea must necessarily over-shadow the imagination" (Smith 1982, VI.ii.3.2).

18. This point is also made in Brague 1988, 477: "Il [Aristotle] vise avant tout à établir la supériorité de la vie contemplative. Ce faisant, il ne thématise que le *contenu* du bonheur. L'acte d'être heureux en tant qu'acte, dans son accomplissement, reste implicite. Aristote n'a pas décrit le bonheur comme expérience. Il sait pourtant parfaitement que l'acte contient une actuosité interne, ou comme on voudra dire."
19. He also notes at *N.E.* II.iii.1104b24–25 that some thinkers say that the virtues are states of "*apatheias*" and "*ēremias*" i.e., of lack of passion and rest or quietness. He rejects that view on the grounds that it omits to add "in the right manner" and "at the right time"; but he does not reject the notion completely.
20. Aristotle asks, "Why should we not call happy the man who exercises his abilities according to the highest standards of virtue and excellence in a context which affords him sufficient resources and not merely for a brief moment but throughout his life?" *N.E.* I.10.1101a14–16, trans. Lear 1988, 155. A person objecting along the lines I have indicated might respond: "Why should we?"
21. See *N.E.* X.iv.1175a13–15: "Life is an activity (*energeia*), and each man actively exercises (*energei*) his favorite faculties upon the objects he loves most. A man who is musical, for example, exercises his hearing upon tunes, an intellectual (*philomathēs*) his thinking upon the subjects of his study (*ta theōrēmata*), and so forth."
22. I am not here offering interpretations of Aristotle or Stoicism; I am reflecting on and appropriating elements of outlooks that, broadly speaking, fall within Aristotelian and Stoic traditions.
23. I have slightly emended the translation.
24. See for example Nietzsche, *Beyond Good and Evil* I.9.
25. For some helpful reflections on the temporal dimension of this integration, see Brague 1988, 479–81.
26. For a moving testimony to the power of Epictetus's philosophy to save one's integrity and happiness in a situation that is close to that of a concentration camp, see Stockdale 1993. The "laboratory" is a North Vietnamese prison camp, in which Admiral Stockdale spent eight years, and in which he was repeatedly tortured.
27. See Diogenes Laertius, *Lives* X.118.
28. Here I am in agreement with Barrow 1980, 66–67.
29. For a useful description of "contentment," see Strasser 1967, 286–88. On page 287 he remarks: "The contented person has all that he wants, because he wants nothing that he cannot have; and thus he succeeds also in being happy."
30. One could adduce the example of the happy tyrant (if there is such a thing) to the same effect. This is a notion discussed by Socrates and Polus in the *Gorgias* 469a ff., and in Xenophon's *Hiero*.

31. I have in mind Nietzsche's *Thus Spoke Zarathustra*, Part III, "On Virtue that Makes Small"; Heidegger's *Being and Time* I.4–5 *et passim*. By contrast, consider the distinction between happiness and contentment in Rousseau's ninth *Promenade*: "Happiness is a permanent condition which does not seem to be made for man here-below. Everything on earth is in constant flux, which permits nothing to take on a constant form. Everything around us changes. . . . Let us take advantage of mental contentment when it comes I have seldom seen happy men, perhaps not at all. But I have often seen contented hearts; and of all the objects which have struck me, that is the one which has made me most content" (Rousseau 1979, 122).
32. Thanks to these "prejudices of the imagination," we subject ourselves to the most extraordinary labor: "When we consider the condition of the great, in those delusive colours in which the imagination is apt to paint it, it seems to be almost the abstract idea of a perfect and happy state. It is the very state which, in all our waking dreams and idle reveries, we had sketched out to ourselves as the final object of all our desires" (Smith, *Theory of Moral Sentiments* I.iii.2.2). This is the "deception which rouses and keeps in continual motion the industry of mankind" (*ibid.*, IV.I.10), and to that extent is a beneficial deception.
33. For Kant's distinction see Kant 1993, 136: "Morals is not really the doctrine of how to make ourselves happy but of how we are to be *worthy* of happiness."
34. As Strasser nicely puts it, the contented person "can feel at peace only so long as he knows his position is secure. This characteristic also points to the fragility of the happiness of contentment. It is not able to flourish on volcanic soil, in epochs which are shaken by spiritual fever and crises" (Strasser 1967, 288). The person who seeks "happiness" qua contentment is naturally and literally "conservative," precisely as Smith indicates in the *The Theory of Moral Sentiments*.
35. A thought experiment of this sort is elaborated by Robert Nozick in the chapter on happiness in Nozick 1989, 104–105. Recent discussion about Prozac touches on the issues I am about to raise by means of the fictitious drug "Ataraxy."
36. My formulation is close to but less subjective than that of Montague 1967, 87: "One logically necessary condition of happiness seems then to be that the happy person should have no standing dissatisfactions which are serious from his point of view."
37. Diels B.51, in Freeman 1983, 28.
38. For example, see the discussion in the *Discourses* IV.iv.14–18 on reading philosophy books, and on what philosophy has to teach us. See also II.xii. on "the art of argumentation [dialectic]." The dialogue at I.xxix.22–29 is worth summarizing here: someone grabs me by the cloak and drags me into the market place and shouts, "Philosopher, what good have your judgments done you? See, you are being dragged off to prison; see, you are going to have your head cut off." Epicetus answers this imaginary inter-

locutor: "And what kind of Introduction to Philosophy could I have studied, which would prevent me from being dragged off, if a man who is stronger than I am should take hold of my cloak? Or would prevent me from being thrown into the prison, if ten men should hustle me and throw me into it? Have I, then, learned nothing else? I have learned to see that everything which happens, if it be outside the realm of my moral purpose, is nothing to me." One must learn philosophical things "so as to be able to manifest them in action" (I.xxix.35).

39. There is an alternative way of understanding the sought-for assessment, however, viz., one that unfolds within the context of religious faith. Given the complexities involved in meeting the counter-example provided by revealed religion especially, I must postpone the response for another occasion. The (Socratic) approach I take would, of course, include questioning the basic principles held in faith by the reflective religious person.
40. *Phaedrus* 256a7–b3 might seem a counterexample; but the issue is complicated by the fact that the topic is the love or friendship of lover and beloved. The Eleatic Stranger does suggest that philosophy is happiness (*Statesman* 272c and context); but this is because his conceptions of philosophy and dialectic differ markedly from those of Socrates.
41. For a full discussion of philosophy so understood I refer the reader to Griswold 1988, 143–67.

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THE MORAL ECONOMY: KEYNES'S CRITIQUE OF CAPITALIST JUSTICE

ABSTRACT: Neoclassical and Austrian economic theory lend support to a conception of laissez-faire capitalism as an ideal scheme of cooperation in which individual decisions are harmonized, and income is distributed according to one's productive contribution. Keynes's critique of this conception has an often-overlooked moral dimension, according to which the coordination problems that trouble real-world market economies produce an arbitrary and inequitable distribution of wealth and income.

Economics is essentially a moral science and not a natural one.

—J. M. Keynes (1973, 296)

In its contemporary guise, Keynesian economics is synonymous with the view that government can “fine tune” the operation of a market economy, improving its performance while leaving its basic structure intact. This widely shared understanding of Keynes's legacy is not so much mistaken as it is incomplete. Keynes's great work, *The General Theory of Employment, Interest, and Money* (1936), is not a book about tinkering: it is a deep and thoroughgoing criti-

cism of the social and economic order of contemporary capitalism and of the orthodox economic theory that celebrates free markets.

Although Keynes approved of the market as a mechanism for allocating existing resources among competing uses, he did not believe it was capable of assuring the socially optimal level of investment and employment over time, nor did he believe that all of the claims to income registered within modern capitalist economies were just. These two criticisms are connected.¹ On the one hand, Keynes challenged the moral legitimacy of important types of capital income because, in his view, they did not reward economic activities conducive to the general good. On the other hand, Keynes contemplated an alternative scheme of economic arrangements which, he believed, would be both more productive *and* more fair. These two judgments, and the model of economic relationships upon which they are based, comprise what I call Keynes's moral economy.

Since Keynes regarded the development of these ideas as "a struggle of escape from habitual modes of thought and expression," it will be useful to have before us the basic outlines of the theory from which he struggled to escape, a theory which, like Keynes's own, is heavily laden with moral implications. Part I, then, begins with a brief account of neoclassical economics and the moral vision it informs.² Once this conception is in view, we will be in a position to appreciate the moral ramifications of Keynes's critique of orthodox economic theory. This critique, as well as Keynes's alternative understanding of the normative dimensions of saving, profit, interest income, speculation, and enterprise, are presented in part II. In the third and final section I will try to say something about Keynes's understanding of the more general circumstances of human action and how these circumstances bear upon some of the normative claims that have been advanced in defense of laissez-faire capitalism.

I. THE MORAL VISION OF NEOCLASSICAL ECONOMICS

In *Eléments d'économie politique pure*, the theoretical masterpiece of the neoclassical school, Léon Walras imagines an ideal and all-encompassing market that is run by a central auctioneer (1900). The auctioneer calls out prices and records the quantities of goods the market participants would be willing to buy and sell at each price.

If there is an excess of supply or demand at a given price, a new price is announced. This process of *tâtonnement* continues until a set of prices is found such that the demand for each good is equal to its supply. Once this equilibrium is discovered, the participants are free to exchange their goods and services at the market-clearing prices.

This idealized market has several attractive features, but most importantly it allows everyone's conditional intentions to be communicated before any final commitments are made. In effect, the auctioneer ascertains what action each person would take in the face of a multitude of different circumstances, which, themselves, depend upon the actions that other market participants would take. To be sure, this sounding out of conditional plans rests upon a couple of idealized premises: the auctioneer must be able to process a tremendous volume of information, and time must stand still in that no action is to be taken until a mutually consistent set of plans has been found. Given these conditions, however, the results of the Walrasian auction are quite impressive, for the outcome of this ideal market is a perfectly coordinated system of human activity in which everyone's expectations are fulfilled.

In constructing his imaginary auction, Walras stipulated that exchanges could not go forward until the auctioneer had found a mutually consistent set of transactions. This constraint assures that all market participants have full information about the consequences of their choices before any final commitments are made. In the contemporary version of this ideal market, individuals are granted even greater opportunities to decide their own fate (Arrow and Debreu 1954).³ In particular, market participants are afforded the option of insuring themselves against any event that is beyond their control. For example, with complete futures markets, a person could purchase insurance that would pay a benefit in the event the wage of her occupational group fell below a certain threshold.⁴ If we imagine, with Arrow and Debreu, that this ideal market is comprehensive, so that insurance against every conceivable contingency is available to market participants, they would be in a position to decide the whole course of their economic lives.⁵ They would be able to choose not just between alternative courses of action of which the economic consequences are uncertain (e.g., choosing an occupation with an unknown future wage), but between alternative courses of action of which the economic consequences can be as-

sured in advance (e.g., choosing an occupation and an insurance policy that limits the variability of one's income).

The market described above imposes not only an economic but a moral order upon the interaction of its participants. It does so, first of all, by establishing a close connection between individual choices and economic consequences. With complete markets, this connection is very close indeed, for a seamless web of contracts leaves no gap between the commitments people make and the economic outcomes that follow.⁶ Each market participant is able to act with perfect foreknowledge of the consequences of his decisions and therefore can assume full responsibility for his economic fortunes.⁷

In deciding how to allocate our time between work and leisure, our income between consumption and saving, and our savings between secure and risky assets, we effectively choose our economic fate. This is the premise of the neoclassical school's moral instruction. Its teaching is that wages, profits, and interest earnings are the just rewards of work, investment, and thrift. The market's perfect coordination of economic activities assures that each market participant receives no less than, and no more than, the value she contributes to the total output of goods and services. As J. B. Clark, an early and forceful advocate of this vision expressed it, "Free competition tends to give to labor what labor creates, to capitalists what capital creates, and to *entrepreneurs* what the coordinating function creates" (1899, 3).

For reasons of simplicity and brevity, I have stated the moral implications of neoclassical economics without caveat or qualification.⁸ We may note, however, that while the normative justification of market outcomes briefly sketched above can be found in the works of some conservative members of the neoclassical school (Clark 1899; Friedman 1962; Bauer 1981), it is the premises of the argument, rather than its conclusion, which belong to the stock-in-trade of neoclassical economics (Aspromourgos 1987). Two propositions—that markets assure the harmonious coordination of individual decisions, and that distributive shares are proportionate to the productive contributions of market participants—occupy a privileged place within the panoply of neoclassical ideas, even if most neoclassical economists decline to draw any normative conclusions from them.

The influence of these ideas on contemporary debates about distributive justice extends well beyond their role as premises in con-

servative arguments against egalitarian proposals to redistribute income. Even some of the sharpest critics of market justice, who stress the arbitrary influence of social and natural endowments on market outcomes, refrain from challenging the neoclassical claim that, in a competitive economy, income is distributed according to productive contribution (Rawls 1971; Dworkin 1981a and 1981b). And others, who are sympathetic to Rawls's egalitarian conception of justice, have gone further, drawing upon the neoclassical theory of saving and investment to advance a "Rawlsian" case *against* the taxation of wealth (McCaffrey 1994).

It is in this connection, that is, in relation to the neoclassical theory as an *explanation* of what determines the distribution of national income among market participants, that Keynes's argument is of interest to us. For the *General Theory* calls into question whether certain economic arrangements and distributive outcomes, which are widely thought to contribute to a nation's wealth, are, in fact, advantageous for this purpose.

II. KEYNES'S CRITIQUE OF CAPITALIST JUSTICE

The conception of a market economy as a moral order is grounded in three interconnected claims: that market arrangements allow a perfectly efficient coordination of human activity, that market incomes are proportionate to the productive contributions of those who earn them, and that each participant's economic fate is the result of the choices she has made within this ideal system of social interaction. The thrust of the *General Theory* was to sever this straightforward connection between choice and consequence and to replace the coordinated outcomes of the neoclassical market with a vision of economic life in which an incalculable uncertainty stands between the individual decision maker and her objectives, and in which actions beneficial to each can be self-defeating if undertaken by all. According to Keynes, in the real-world economy there is no mechanism for pooling everyone's conditional intentions before final commitments are made, no compelling reason to believe that economic activities will be rewarded according to their productive contribution, and no grounds for thinking that the decisions people make will determine their economic fate, at least not in the straightforward manner depicted above.⁹ This is the moral

judgment of the *General Theory*. Our task is to explicate the reasoning that led Keynes to this conclusion.

Saving as the Justification of Economic Inequality

Reflecting upon shifts in the moral landscape of pre-World War I Europe, Keynes remarked that "the duty of 'saving' became nine-tenths of virtue and the growth of the cake [i.e., the increase of wealth] the object of true religion" (1920, 20). Keynes's comment about the religious zeal with which people had set about amassing wealth accorded with Max Weber's earlier observation that the spirit of capitalism, as well as its success, had much to do with Protestant teachings characterizing consumption as a weak-willed concession to the flesh and saving as a duty to God (Weber 1958). This outlook, in which consumption beyond bare necessities is regarded as a vice, and saving for the future is considered a moral obligation, has taken hold outside the domains of religion and commerce. One can hear its echo today, for example, in the unrelenting moral condemnation of America's mounting public debt, which, it is charged, affords the current generation a high standard of living by reducing the quantity of savings available to the next generation (see, e.g., Kotlikoff 1992 and Seidman 1990).

Although the neoclassical school does not take sides concerning the choice between consuming today and saving in order to consume tomorrow (this decision being left to individual preference), it does offer an account of the economic consequences of saving that reinforces the idea that thrift is a social virtue. On this understanding, the withdrawal of resources from current consumption—the act of saving—prompts a corresponding act of investment.¹⁰ Resources heretofore engaged in the production of goods to be consumed in the present are, according to this theory, automatically re-deployed so as to increase the production of goods available for consumption in the future. Thrift is thus valued not just as an expression of self-discipline, but as a disposition favorable to economic growth.

The opportunity to exercise this virtue is not equally open to everyone, but increases in rough proportion to the level of one's income. Since the postponement of consumption is much easier for those whose earnings far exceed the amount required to meet the

basic needs of life, it follows that society must look disproportionately to the wealthy for its supply of savings. As a consequence, the well-to-do, in lending out their money, enjoy not only the benefits of compound interest, but also the moral approbation accorded to any group that performs a vital social function. Commenting on the ideological implications of this state of affairs a decade before he wrote the *General Theory*, Keynes observed that the huge fortunes amassed in Victorian England, during the period of capitalist development witnessed by Marx and Engels, were legitimated by appeal to the social advantages of saving. "It was," as Keynes put it, "precisely the *inequality* of the distribution of wealth which made possible those vast accumulations of fixed wealth and of capital improvements which distinguished that age from all others. Herein lay, in fact, the main justification of the Capitalist System" (1920, 19, Keynes's emphasis). Once it is granted that a steady flow of saving is necessary for investment, and that such saving requires a social class whose wealth and income is not entirely devoted to the purchase of necessities, it follows that any egalitarian redistribution of this wealth must bring in train a corresponding reduction in the total quantity of saving that is available for productive investment (e.g., McCaffrey 1994).

Although Keynes was put off by the culture that had made saving a moral duty, he did not doubt that such renunciation had indeed made possible the accumulation of great wealth, nor did he deny that when this wealth was held in the form of productive assets it conferred benefits upon society as a whole. Keynes did insist, however, that in the absence of a strong and steady propensity to invest, one could only be assured that the act of saving would yield social benefits if there were some mechanism, like the imaginary auctioneer described above, capable of coordinating the decisions of those who wished to save with the decisions of those who wished to invest. To illustrate the consequences of the act of saving when this decision is taken in isolation, Keynes offered the following parable:

An act of individual savings means—so to speak—a decision not to have dinner to-day. But it does *not* necessitate a decision to have dinner or to buy a pair of boots a week hence or a year hence or to consume any specified thing at any specified date. Thus it depresses the business of preparing to-day's dinner without stimulating the

business of making ready for some future act of consumption. (1936, 210, Keynes's emphasis)

In this passage, Keynes rejects the premises of the orthodox argument for thrift. To begin, he notes that a decision to save does not entail a simultaneous decision to invest or to consume in the future. It is not as though a person who withdraws his order for an item to be consumed today simultaneously places an order for a good to be delivered at some date in the future. Moreover, insofar as entrepreneurs are inclined to invest when there is increased demand for their product, the restaurant owner in Keynes's parable is now less likely to expand her enterprise owing to the fact that demand for her dinners has diminished. Thus, the act of saving not only reduces income earned from the sale of consumption goods (today's dinner), it also reduces income from the sale of investment goods (in this case the new equipment that might have been purchased in order to prepare tomorrow's dinner).

Neoclassical and Austrian economists reject this deflationary interpretation of the act of saving.¹¹ In their version of Keynes's parable, when someone reduces his consumption spending (e.g., by no longer dining out), the total supply of savings rises, and the rate of interest falls. This reduction in the cost of borrowing increases the number of profitable investment projects, and, in response, entrepreneurs increase their level of investment spending. In short, the act of saving supplies the wherewithal necessary for investment, and the falling rate of interest, which signals the public's desire to trade current for future consumption, assures a commensurate increase in investment.

Keynes challenged this understanding of the saving-investment nexus on several grounds. In the first place, while he acknowledged that a single individual could certainly increase his *own* saving by reducing his spending, Keynes warned against concluding that this act of renunciation would necessarily increase *society's* total supply of savings, for this conclusion "fails to allow for the possibility that an act of individual saving may react on someone else's savings" (1936, 84). To return to Keynes's parable, we may grant that the diner who refrains from dining out will no doubt see a rise in his *own* savings, but, we must now add, the restaurant owner's income will be less than it would have been had her former patron continued buying her dinners. In response to this reduction in *her* in-

come, the restaurant owner will likely save less and spend less than she did out of her former, higher income. As soon as the restaurateur reduces her expenditure, there will also be a decrease in the income and saving of all those with whom she does business. By the time this process has finally worked itself out, we cannot be assured that *total* saving will have increased at all. More generally, while *each* income recipient can reduce his spending without any adverse effect on his own income, it is not possible for *all* income recipients to increase their saving in this way, because a reduction in *total* expenditure entails a corresponding reduction in *total* income (the two quantities being necessarily equal).

Let us set to one side this criticism, which highlights the fallacy of composition involved in generalizing from individual to aggregate saving, and consider the pre-Keynesian proposition that the rate of interest effectively coordinates saving and investment decisions. To begin, we may suppose that there is a flow of saving per year, and a flow of investment per year, and that the rate of interest adjusts so as to bring these two flows into balance. Now, if the interest rate were only required to equilibrate these flows of new lending and borrowing, it might well be able to perform the coordinating role assigned to it by the neoclassical school. There is, however, another important dimension to the problem, for the market in which new bonds are issued is the same market in which existing bonds are traded. And the very same scheme of interest rates that must balance the supply and demand for new bonds must also balance the supply and demand for old bonds. What would happen, then, if there were a conflict between 1) the rate of interest that would balance the flows of new saving and investment and 2) the rate of interest that would balance the supply and demand for existing bonds? According to Keynes's account, the outcome will be determined by decisions concerning the existing stock of bonds because, at any given moment in time, the quantity of old bonds that can be released onto the market dwarfs the quantity of new bonds entering the market, just as the stock of money being held in anticipation of a fall in bond prices dwarfs the quantity of new additions to savings. Against the massive, preexisting stocks of old bonds and of money poised to enter the market in response to a change in the interest rate, the relatively small flows of new lending and borrowing can have little effect. It is because the rate of interest must balance these great stocks of existing wealth that it cannot, at

the same time, effectively coordinate the flow of saving and investment (see Shackle 1967).

Having thus displaced the interest rate from its conventional role in bringing saving and investment into equilibrium, Keynes substituted changes in aggregate income as the mechanism by means of which saving and investment are brought into balance. We have already caught a glimpse of this process at work in the deflationary sequence of events that was set in motion by the restaurant patron's act of saving. To see how changes in aggregate income can restore the *ex post* equilibrium of saving and investment, let us suppose that the public wishes to save an amount that exceeds the amount entrepreneurs plan to invest. The first consequence of this disparity will be an unintended rise in inventories as unsold goods pile up.¹² Firms, realizing they have overestimated demand, will soon cut back production. And out of the lower level of income that is concurrent with this lower level of production, society will save less than it originally planned to save out of its former, higher income. This process will continue, and aggregate income will continue to fall, until the public's desired saving (at a lower level of income) is equal to the quantity of investment undertaken by entrepreneurs.

In rethinking the consequences of the act of saving, Keynes, like Walras, looked to the interconnections among the decisions taken by market participants. But instead of viewing individual saving decisions as part of a perfectly coordinated web of commitments that link saving and investment together as if in a coherent plan, Keynes viewed the act of saving from the standpoint of a national income statement in which all transactions are two-sided. From this perspective, a reduction in one person's expenditure during a given period entails, by logical necessity, a corresponding reduction in someone else's income during the same period. Once this bilateral aspect of the matter is recognized, the decision to refrain from spending—to save—no longer appears as an act of virtue, but as a kind of antisocial behavior, the chief effect of which is to diminish the nation's income (Keynes 1931, 148–56).

There is great irony in this argument, for Keynes had once observed that the social stability of the Victorian era was made possible by an implicit understanding concerning the social advantages of saving. As Keynes had put it, "the capitalist classes were allowed to call the best part of the cake theirs and were theoretically free to consume it, on the tacit understanding that they consumed very lit-

tle of it in practice" (1920, 20). The reasoning recited above pulled the rug from under this Victorian social contract. Indeed, Keynes's assault on the conventional theory of saving had far-reaching ideological implications because, as we have already seen, the valorization of thrift, and the beneficent consequences this virtue was alleged to have for society as a whole, comprised a good part of the rationale for the great disparity between rich and poor during Keynes's day. Those who wished to see greater equality of wealth and income were deterred by the common belief that the growth of capital and, hence, economic progress, were dependent on the existence of a social class whose great fortune made savings and investment possible. To redistribute wealth and income by means of progressive taxation would therefore jeopardize the nation's flow of saving and thus its prospects for advancement.

Although Keynes was a prominent member of the class whose privileges were justified in part by the social benefits conferred by a high rate of saving, he did not equivocate in drawing the disturbing conclusion to which his theory naturally led. "The growth of wealth," Keynes reasoned, "so far from being dependent on the abstinence of the rich, as is commonly supposed, is more likely to be impeded by it" (1936, 373). Since it is spending, not saving, that generates income, and since the poor spend a larger percentage of their income than the rich, it follows that a nation's economic prospects can sometimes be improved by a redistribution of income from those classes which can find no further outlet for expenditure to those classes whose immediate needs can only be met by additional spending. Moreover, since it is precisely such an increase in spending that prompts firms to invest, a more equal distribution of income is not only apt to result in more current consumption; it can, if some resources are idle, also increase investment spending. Whereas the capitalist class has been allowed "to call the best part of the cake theirs" on condition that they not consume it, the upshot of Keynes's argument is that a redistribution of income would allow the non-capitalist classes to have their cake and eat it, too, because increased consumption and increased investment typically go hand-in-hand. Keynes thus turned the virtue of thrift on its head, made it the enemy of prosperity, and thereby removed "one of the chief social justifications of great inequality of wealth" (*ibid.*).

Before we conclude this section, it is worth briefly discussing how Keynes's argument about saving and inequality bears upon

John Rawls's famous theory of justice. On Rawls's account, economic inequalities are just only insofar as they work to the long-run advantage of the least well off. Rawls arrives at this conception of justice by first supposing that the parties to an original social contract all have an equal claim on the social product. He then imagines that these parties, being rational, would consent to unequal shares, provided that such inequalities, by virtue of their incentive effects, would raise everyone's income in comparison with the baseline position of equal shares. More specifically, Rawls assumes that the parties to this hypothetical contract would consent to incremental increases in economic inequality until the point at which these inequalities no longer maximized the prospects of the least well off (1971, 76–80).

Although Rawls's conception of justice, which sanctions economic inequality only insofar as it benefits the worst off group, is a new idea, the belief that inequalities of wealth and income are favorable to economic growth is an old one. Keynes's analysis challenges the orthodox assumption that an increase in inequality will always bring about an increase the size of the economic pie. In designing a scheme of economic arrangements that will maximize the long-term prospects of the least well off, a policy maker must not only consider the incentives created by inequalities of wealth and income, she must also take account of the effect these inequalities have on the marginal propensity to save. At some threshold point, the benefit of greater incentives will be offset by the reduction in income and employment that results when society's propensity to save exceeds its propensity to invest. Keynes's point about the adverse economic consequences of excessive inequality does not, of course, invalidate Rawls's conception of a just economy as one organized so as to maximize the long-run prospects of the worst off group. Keynes's argument does, however, suggest that, in thinking about the application of Rawls's conception of justice, one cannot focus exclusively upon the incentive effects of inequality, but must also consider the spending propensities of different social classes (e.g., Weintraub 1983; Kline 1968).

Profits and the Productivity of Capital

When an entrepreneur decides to manufacture something for sale,

he is forced by the pressure of competition to find that combination of workers and machines that will produce the desired good at minimum cost. Once an efficient technique has been found, the entrepreneur hires labor until the revenue generated by the last worker employed is just sufficient to pay the additional wages. New equipment is added under the same constraint until the increment in discounted net revenue is just sufficient to cover the cost of a new machine. This, in its bare essentials, is the neoclassical school's explanation of the division of a firm's revenue between wages and profits: workers and owners receive income shares proportionate to the marginal contribution made by labor and capital to the firm's output. When applied to the entire social product, this account also forms the basis of the neoclassical theory of distribution, which, simply stated, says that "total output is divided between payments to capital and payments to labor, depending on their marginal productivities" (Mankiw 1994, 53; see also Ferguson 1969; and Bronfenbrenner 1977).

This theory of distribution has both a moral and practical appeal. In the first instance, it accords with the common belief that people should be paid on the basis of their economic contribution. An entrepreneur who invests in machinery that increases the output of her factory deserves (many would say) any profit that results from her investment. From a practical standpoint, if profits have their origin in the productivity of capital, then any attempt to alter the distribution of income at the expense of the owners of capital must result in a decline in investment and a reduction in the economy's total output. Thus, to override the natural distribution of income is not only unjust (because it severs the link between income and productive contribution), but improvident (because it results in a less efficient combination of labor and capital and, consequently, a diminution in the nation's output of goods and services).

Although Keynes says almost nothing about the forces that determine the division of income between wages and profits in the *General Theory*, his earlier work, *A Treatise on Money* (1931, 123–56), contains the rudiments of a distributive theory that explains the origin and character of profits in a manner which threatens the moral legitimacy and practical necessity of the prevailing division of income between workers and owners.¹³ To begin with, Keynes draws a distinction between the total proceeds from the sale of goods and the total cost of producing these goods. The costs of

production include wages, interest, and rent, as well as the "normal remuneration of entrepreneurs," which Keynes defines as the level of income that is just sufficient to induce entrepreneurs to remain in business. Profits, finally, are a residual, the difference between total sales revenue and the aforementioned production costs.

The basic outline of Keynes's theory can be illustrated by example.¹⁴ Suppose entrepreneurs spend a total of \$200 million in producing the nation's output of goods and services. Assume, further, that entrepreneurs have decided to bring to market consumer goods that cost \$150 million to produce and investment goods that cost \$50 million to produce and that, by definition, are sold by one entrepreneur to another. Now, if income recipients decide to save \$40 million, spending their remaining \$160 million on consumption goods, entrepreneurs will earn \$10 million in profits, which, of course, is the difference between the \$160 million in sales revenue and the \$150 million in costs.¹⁵

According to Keynes's early account, profits originate in the disparity between investment and saving.¹⁶ Thus, in our example, the \$10 million profit enjoyed by entrepreneurs has its origin in the difference between the \$50 million entrepreneurs have spent in the production of investment goods and the \$40 million the public has decided to save. More generally, when the public desires to save an amount that is less than the amount of investment undertaken by entrepreneurs, the resulting demand for consumer goods will be greater than anticipated, pushing the price of these goods above their cost of production, thereby creating profits. This chain of events can be envisioned most easily by considering the consequences that follow the redeployment of productive resources during wartime, when businesses reduce their output of consumer goods in order to increase their production of weapons and materiel. If, in these circumstances, income recipients were to attempt to purchase the same quantity of consumer goods they were accustomed to buying during peacetime, the prices of these goods, which are now fewer in number, would rise, yielding windfall profits for business owners (see Keynes 1940).

Keynes's portrayal of profit as a windfall contradicts the orthodox justification of profit as the return on productive investment. Yet Keynes was not content to leave it at this and, nudged forward by his taste for irony, went on to claim that when entrepreneurs increase their *own* consumption spending, the effect is to increase

their profits by an amount exactly equal to their increased expenditure. Thus, if the entrepreneurs in our example decided to spend their \$10 million in profits on consumer goods, which are assumed to be in fixed supply during the accounting period, the effect would be to increase their profits by an additional \$10 million because the amount spent on these goods would now total \$170 million, while total costs remain unchanged at \$150 million. Profits, Keynes slyly concluded, "are a widow's cruse which remain undepleted however much of them may be devoted to riotous living" (1931, 139).¹⁷

Keynes's intuition about the importance of capitalist spending in the determination of income shares has been refined and extended in recent decades (Kaldor 1956; Passinetti 1962). We have noted that, in Keynes's early theory, profits originate in the disequilibrium between saving and investment. In the post-Keynesian theory, by contrast, saving and investment are defined, as they are in the *General Theory*, so that they are necessarily equal. The flows of saving and investment are brought into equilibrium, however, not by changes in the rate of interest, as in the neoclassical theory, nor by changes in aggregate income, as in the short-run analysis of the *General Theory*, but rather by changes in the distribution of income. To briefly illustrate, suppose that resources are fully employed, and entrepreneurs increase their investment spending. The distribution of income must then shift in favor of profits, and at the expense of wages, because the propensity to save out of profits is greater than the propensity to save out of wages. More specifically, rising prices will push up profits until the increased saving therefrom restores the balance between aggregate saving and aggregate investment.

Although the post-Keynesian theory of distribution is intended to explain the economic forces which determine income shares in a capitalist economy, the explanation so offered also has important normative implications. Most significantly, the theory provides an account of the distribution of income in a market economy that is completely independent of any marginal contribution made by labor or capital. Indeed, productivity plays no role at all in determining the proportion of national income that accrues to the owners of capital.¹⁸ Rather, this value is fixed by the total amount that business owners, in the aggregate, decide to spend. If this understanding is right, the division of income between wages and profits cannot be justified on the grounds that it reflects the relative pro-

ductivity of workers and machines.¹⁹ Nor can the income distribution that results from this process be justified on Rawlsian grounds, for there is no reason to think that the degree of inequality it generates is consistent with the degree of inequality that maximizes the long-run prospects of the least well off.

Although Keynes did not pursue the distributive theory implicit in his ironic remarks likening profits to the magical "widow's cruse," he was not blind to the ideological implications of his novel theory of profits. Having depicted the Victorian social contract as an arrangement that legitimated great inequalities of wealth on the grounds that the saving of the well-to-do was necessary to economic progress, Keynes now observed that it was the spending, not the saving, of the capitalist class that accounts for its wealth. He was also aware that profits, which can be traced to the *disequilibrium* between planned saving and planned investment, were possible because real-world capital markets lack the imaginary auctioneer of neoclassical theory, whose function is to coordinate the intentions of market participants. And, finally, Keynes did develop his criticism of the orthodox view that the returns to capital derive from the physical productivity of machines and equipment (1936, 135-46, 213-17). As we shall see in the next section, it is not the productivity of capital that accounts for the greater part of the return that accrues to its owners, according to Keynes, but rather its scarcity, which is an artificial condition imposed by a banking system whose directors are informed by an outmoded, Victorian understanding of the relation between saving and investment.

Unearned Income: Interest Earnings as a Reward for "Waiting"

According to the neoclassical school, the payment of interest is rooted in two immutable facts, one regarding human nature and one concerning the productivity of investment. Human beings, we are told, prefer enjoyment today to enjoyment tomorrow, consumption in the present to consumption in the future. Interest, then, is the compensation a lender receives in order to cover the psychological cost involved in "waiting" (Marshall 1920, 193). Entrepreneurs, in turn, are willing to pay interest on borrowed money because investment in plant and equipment is productive. Thus, if the prospective rate of return on new investment is 10 percent, then

(the issue of risk apart) entrepreneurs would be willing to pay up to 10 percent interest on borrowed funds in order to undertake new projects.

On this understanding, there is no special significance attached to the fact that interest is paid in money rather than in goods. If we were to locate the foregoing account within the context of an imaginary Walrasian auction, we could dispense with money altogether; goods-in-the-present would simply be exchanged for goods-to-be-delivered at future dates. For Keynes, however, this model is too far removed from reality to provide much service. In particular, it assumes away the uncertainty wealth holders confront in deciding where to place their savings. If the future prices of all securities were known today, it would be foolish to hold money instead of an interest-bearing security, and equally foolish to hold a six-month certificate of deposit that paid 4 percent interest if one could hold a thirty-year Treasury bond that paid 6 percent interest. But the future value of securities is not known; the price of a bond purchased today may fall sharply tomorrow. It is in relation to this uncertainty that money provides a "store of wealth," allowing individuals to defer decisions—to remain liquid—until they are more confident in their forecast of future prices (Keynes 1937). The payment of interest, in turn, is the compensation required to induce wealth holders to give up their liquidity, that is, to exchange their cash and short-term securities for longer-term assets, the prices of which are uncertain and subject to fluctuations with "changes in the news."

Insofar as interest must be paid to induce individuals to hold bonds, the recipient of interest—the rentier—might offer the following justification of her unearned income: the payment of interest is just compensation for the risk incurred in surrendering one's liquidity to others. According to Keynes, however, this is a socially unnecessary sacrifice, for the economy's liquidity needs can be met by a central bank willing to increase the supply of money (1936, 81–84). Such a strategy, pursued with determination as long as there are unemployed resources, will drive down the rate of interest, thereby inducing higher levels of investment, employment, and output.

This strategy is possible because, on Keynes's account, the interest rate is *not* rooted in the natural forces of productivity or in the psychological cost of waiting.²⁰ That is to say, the rate of interest is

not much affected by changes in either the productivity of new investment or in society's willingness to wait. Rather, the interest rate is quintessentially a matter of policy, which, within certain limits, can be fixed at the level that maximizes social benefit (1936, 375).²¹

Against this view, the neoclassical school holds that, if the rate of interest is held at an "artificially" low level, the flow of saving will then be inadequate to meet the demand for investment capital. Keynes responded to this criticism by arguing that investment determines the level of saving, not vice versa, and that the scale of investment is enhanced by a low, not a high, rate of interest. The effective sequence begins not with individual decisions about "goods tomorrow" versus "goods today," but with an act of policy: the central bank adds liquidity to the banking system, the interest rate falls, entrepreneurs borrow and invest, aggregate income increases, and out of this higher income an amount is saved which is equal to the amount of investment expenditure.

As we have already seen, Keynes rejected the neoclassical claim that the returns enjoyed by the owners of capital originate in, and are justified by, the productivity of investment. However, while his early remarks in *A Treatise on Money* focused upon one type of return to capital, i.e., profit, and were offered as an ironic aside, in the final chapter of the *General Theory*, Keynes, now writing in a more serious vein, focuses his critical powers on the returns to capital in general, whether they come in the form of profits, interest, or rent, and concludes that the lion's share of these returns originate in the scarcity, not the productivity, of capital goods (1936, 374-77). And this condition of scarcity, in turn, is not one imposed by nature, but rather by a constellation of human institutions and policies, the most notable of which is the banking system's penchant for "sound money." Here Keynes takes sides with entrepreneurs and workers against the rentier class, arguing that the main effect of high interest rates is to choke off the supply of factories and machines, thereby maintaining a scarcity of capital goods and, hence, high incomes for the owners of capital.

Keynes believed this argument to be even more radical in its social implications than his case against the orthodox justification of inequality. If the central bank were willing to hold down the rate of interest, a superabundance of capital goods would be produced, and the owners of capital would no longer enjoy their privileged posi-

tion, but would have to settle for a return on their investments that was only sufficient "to cover their labor-costs of production *plus* an allowance for risk and the costs of skill and supervision" (1936, 375, Keynes's emphasis). The elimination of that portion of the return to capital, the lion's share, which is due entirely to its scarcity "would mean the euthanasia of the rentier, and, consequently, the euthanasia of the cumulative oppressive power of the capitalist to exploit the scarcity-value of capital" (*ibid.*, 376).

Keynes could contemplate this scenario, in which investment and employment are maximized, while the "functionless investor" is eliminated, only because he regarded the rate of interest as a human artifice rather than an immutable law derived from human nature and the technical conditions of production. To be sure, Keynes believed that the demand for money was rooted in the profound uncertainty that necessarily surrounds the future course of economic events. But, until the point at which all resources are fully employed, the public's demand for liquidity can be met by the central bank without diverting real resources from productive uses, and without pushing up the level of prices. By providing the public with the means through which it could assuage its doubts about the future, the banking system could thereby encourage the undertaking of financial commitments that would bring workers and machines, hitherto unemployed, into active production. Thus, the community, acting through the most conventional of institutions—the banking system—could influence not only the level of the nation's real income, but also its distribution among the various classes of the community.²²

The upshot of Keynes's argument about capital and interest can be seen if we return to Rawls's conception of justice. If, in determining the degree of inequality that maximizes the long-run prospects of the least well off, we proceed from Keynes's assumption that the finance necessary for investment can be supplied by a banking system that is operated for social advantage, then we must reject the arguments of those who seek to justify greater inequalities of wealth on the grounds that, without a well-to-do class of rentiers, there will be no source of funds available for investment (McCaffrey 1994). Moreover, insofar as the prevailing distribution of wealth and income is a product of the artificial scarcity of capital goods, it cannot be justified on Rawlsian grounds either, for the least well off would fare better under the more egalitarian Keyne-

sian policy of low interest rates and public investment. Such a policy would increase the capital stock, thereby eliminating that portion of capital income which, on both Keynes's and Rawls's account, serves no legitimate purpose.

Enterprise and Speculation

In assuming that entrepreneurs undertake investments if their rate of return exceeds the rate of interest, Keynes did not depart from the neoclassical understanding of investment decision making. Rather, what he found unsatisfactory in the neoclassical theory was its "failure to see that [the rate of return on investment] depends on the *prospective* yield of capital, and not merely on its current yield" (1936, 141, Keynes's emphasis). In deciding whether to build a new factory, for example, the entrepreneur must not simply look to the profits it will generate in the current year, but rather to the prospective profits it will generate over the whole course of its productive life. The uncertainty surrounding such a decision is so great that "if human nature felt no temptation to take a chance, no satisfaction (profit apart) in constructing a factory, a railway, a mine or a farm, there might not be much investment merely as a result of cold calculation" (ibid., 150). There are, fortunately, people who have had the courage, or at least the confidence, to convert their liquid financial assets into factories, railways, and farms. It is this willingness to commit one's resources over the long term and in the face of an uncertain future that Keynes referred to as "enterprise" (ibid., 158–59).

Let us pause to note that, for Keynes, it is the willingness to assume the risks involved in investing in long-lived plant and equipment, the returns from which are necessarily uncertain, that is the basis of the capitalist's legitimate earnings. This kind of long-term, largely irrevocable, financial commitment cannot be the product of a precise quantitative analysis of possible business scenarios concerning future sales, prices, and costs because there is no reliable basis for estimating these values several decades into the future. To engage in enterprise—to invest—is, rather, to enter a void where the information required for rational calculation is lacking. As long as there is no omniscient auctioneer and, hence, no certainty regarding future revenue, investment will involve risk-taking for

which investors require, and deserve, compensation. In this instance, the greater rewards required to call forth socially advantageous risk-taking *can* be justified on Rawlsian grounds.

In drawing this portrait of the risk-taking investor, Keynes had in mind the individual or family business owner whose irrevocable investment typically involved an all-or-nothing commitment. Yet, at the same time, Keynes recognized that this kind of investor was becoming less important, as closely held private firms were giving way to large corporations that sell shares of stock to the general public. Taken by itself, the emergence of the modern corporation should have increased the aggregate level of investment by pooling risks. This point can be illustrated by comparison. On the one hand, the individual business owner assumes the full risk associated with every capital investment she makes and, therefore, may only invest in projects that promise a high rate of return.²³ On the other hand, a large corporation pools investment risk across many projects and many shareholders, who have little to lose if a particular investment project does not pay off. Consequently, whereas the private business owner may only undertake investments that promise a return of, say, 20 percent or more, a corporation may only require a 10 percent return because the risk borne by its shareholders is much smaller in comparison with the risk borne by the private business owner.

Similarly, the development of organized capital markets and, in particular, the stock exchange, afforded additional opportunities for investors to hedge their bets. By purchasing shares in many different companies, individual investors could now diversify their portfolios, thereby reducing the variability of their total investment income. This pooling and diversification of risk, made possible by the emergence of the joint stock company and the establishment of a well-organized capital market, were developments that, in theory, should have been favorable to the prospects for large-scale investment.

These were not, however, the features of modern capitalism that concerned Keynes. Rather, what was new and disturbing was the fact that "the Stock Exchange revalues many investments every day and the revaluations give a frequent opportunity to the individual (though not to the community as a whole) to revise his commitments" (1936, 151). In the not-too-distant past, before the emergence of the contemporary stock exchange, there was only a very

thin market for "used" businesses, factories, and farms. Hence, the owners of these enterprises had no choice but to take the long view of their investments, there being little opportunity to sell or trade them for short-term gains. With the development of the modern capital market, however, it is now possible for an investor to invest in a copper mine in the morning, liquidate his investment in the afternoon, and perhaps reinvest again later in the week.

Such an investor is in reality a speculator who is not so much concerned with the real worth of an asset, that is, with the value it can be expected to produce over the course of its life, but "with what the market will value it at, under the influence of mass psychology, three months or a year hence" (1936, 155). Unless the person who purchases a stock intends to hold it over the long run, the thing that matters is not the profitability of the company, but rather how the company will be valued by other investors over the next few months or years. In fact, the speculator concerns himself not just with what average opinion will be in the near future, but rather with what average opinion thinks average opinion will be over this brief period.

Under the influence of the neoclassical school, we are inclined to see new products and markets as a response to the demands of sovereign consumers. Although Keynes did not explicitly reject this view, his criticism of the contemporary stock exchange was that, while this market may have been created and developed in response to legitimate interests in risk pooling and diversification, the market itself gave rise to new motives and interests that threatened the financial stability that is necessary if there is to be a steady flow of investment in real plant and equipment. Thus, while those interested in short-term gains could, in the past, find ventures to suit their speculative appetites, the opportunity to gamble in the market was now afforded to anyone with funds to spare, and, consequently, speculators have come to play an important role in the capital markets (1936, 150-52).

Although the mere invocation of the term "speculation" casts some doubt upon the moral legitimacy of returns to stockholders who are exclusively interested in short-term capital gains, it is important to see clearly wherein the moral force of Keynes's critique is to be found. In the first place, it strikes at the connection between the productivity of an asset and its market value. On Keynes's view, the market value of a stock often depends on con-

ventional opinion, so that capital gains may have little to do with an increase in the productive contribution made by the asset, but rather may be the result of a shift in what conventional opinion expects conventional opinion to be. Capital gains, then, do not necessarily accrue to those who have performed a useful service in accurately forecasting the future needs of households and businesses, but oftentimes fall to those who have accurately predicted how other investors will assess a particular stock, a talent that provides no useful service at all.²⁴

The second point Keynes made in questioning the social utility of the stock exchange focused not upon what individual investors might deserve, but rather on the economic consequences of speculative activity. Although there are markets in which the presence of speculators tends to stabilize prices, the effect of speculation in the stock market is more likely to produce frenetic periods when equity prices rise and fall in response to changes in mass psychology. According to Keynes, stock prices are "liable to change violently as the result of a sudden fluctuation of opinion due to factors which do not really make much difference to the prospective yield; since there will be no strong roots of conviction to hold it steady" (1936, 154).²⁵ This volatility, in turn, affects the pace of investment in real plant and equipment. If the mood governing the stock exchange is one of pessimism, then stock prices will be depressed, and investors will find no reason to build new factories when they can purchase shares of existing ones at cheaper prices. And while the reverse is also true, so that optimism produces a boom in both old and new shares of stock, the overall instability, the violent rush between optimism and pessimism to which the market is prone, is not favorable to a stable flow of investment in productive plant and equipment. In summarizing the economic consequences of enterprise and speculation, Keynes concluded that "speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation" (*ibid.*, 159).

III. CAPITALISM, COORDINATION, AND KEYNES'S MORAL VISION

One of the attractive features of a decentralized market economy is that it allows individual decision makers to choose among alterna-

tive courses of action. Each of us is free to decide how much labor to supply, what portion of our income to save, how much risk to take, and so forth. The perfect market envisioned by Walras and later refined by Arrow, Debreu, and others, takes this ideal a step further, affording its imaginary participants the opportunity to choose not just among alternative courses of action the consequences of which are unpredictable, but among alternative courses of action the economic consequences of which can be assured in advance. The result is a perfectly coordinated system of activity in which everyone's conditional intentions are brought into harmony before any actions are taken.

In this ideal market, thrift is a virtue, for every act of saving is accompanied by the simultaneous placement of an investment order. Apart from considerations of need or justice, it is not necessary to redistribute purchasing power in order to assure adequate demand for the economy's output of goods and services. Likewise, there can be no windfall profits (or losses) if producers know in advance what portion of the public's income will be spent on consumption goods today and what portion will be spent on such goods tomorrow. Because the perfect market of the neoclassical imagination is not plagued by uncertainty, there is no use for money as a store of value in which to hold one's wealth until the future becomes more clear. Consequently, the payment of interest need not compensate lenders for the cost involved in parting with liquidity, but only for the sacrifice involved in postponing consumption. And, finally, since the future value of all assets is known in advance, there is no room for speculation, which requires a difference of opinion about the future prices of goods or securities.

These are not, Keynes emphasized, the circumstances in which real human beings must act. We cannot postpone decisions until a central auctioneer has harmonized the terms on which our interaction will go forward. Because human decisions are made in time, and are not prereconciled at a point before time begins to unfold, the full consequences of our actions cannot be known in advance. Human desire thus confronts not one but two economic problems: the scarcity of means stressed by the neoclassical school, and our profound ignorance of the future.²⁶

In the absence of a coordinating mechanism that could harmonize our conditional intentions, there is no guarantee that our separate decisions will produce a socially optimal result.²⁷ And if the

actual outcome is a good deal less than optimal, then we will want to ask, as Keynes did, whether all of the incomes received within this less-than-perfect system are really deserved. Do entrepreneurs, for example, deserve that portion of their income that arises simply because, in the aggregate, they have invested an amount that exceeds the amount the public wishes to save? Must individual lenders be paid high rates of interest, which discourage investment, when the economy's liquidity requirements can be met by a central bank willing to drive down the interest rate? Are the returns enjoyed by the owners of capital just if the origin of these returns is not, strictly speaking, the productivity of capital, but rather its (artificial) scarcity? Are speculators entitled to their short-term capital gains even when their speculation increases the volatility of the market? And, finally, if a more equal distribution of wealth and income would increase aggregate purchasing power and, hence, employment, would it not then be preferable to the prevailing distribution of wealth and income?

To contemplate such questions, one must abandon the notion that a real market economy automatically assures the full employment of society's resources, as well as the related belief that market incomes are proportionate to the productive contributions of those who earn them. Keynes is remembered mainly as an economist who rejected the first proposition, namely that the unfettered interaction of individual decision makers in free markets necessarily produces the maximum level of investment, employment, and output (1963). But he also deserves to be remembered as a moral critic of laissez-faire capitalism who questioned the arbitrary distribution of wealth and income generated by real-world markets and who envisioned an alternative system of economic arrangements, still largely capitalist in nature, but wherein claims to income would be justified by reference to the public good rather than to private entitlement.

NOTES

1. Keynes, himself, drew a connection between the failure of laissez-faire capitalism to provide full employment and its "arbitrary and inequitable distribution of wealth and incomes" (1936, 372).
2. Although Keynes referred to the object of his criticism as the classical theory of economics, most of his criticism was directed at what is now called the neoclassical theory.

3. Although Arrow and Debreu's conception of a complete futures market in contingent claims was only fully developed after *The General Theory*, Keynes's predecessors had recourse to an idealized assumption, perfect foresight, which had the same theoretical consequence—the elimination of uncertainty. The role of this assumption in neoclassical theory is critically discussed in Davidson 1972 and 1994.
4. A more detailed account of such insurance contracts can be found in Shiller 1993.
5. It should be quickly added that control over one's economic destiny, even in this idealized market, is subject to the constraints imposed by one's endowment of marketable skills and wealth.
6. Contemporary liberal thinkers have also turned to the model of an idealized auction to illustrate how each person's economic fate could be made to depend upon her choices rather than upon circumstances beyond her control. See, for example, Dworkin 1981a and 1981b.
7. The notion that individuals are responsible for their economic fate in a market economy was not always explicitly stated by the economists Keynes criticized, though it was certainly implicit in their view that unemployment is voluntary and can be remedied if workers simply reduce their wage demands. A few contemporary neoclassical economists are, however, quite explicit on this point. See, for example, Friedman and Friedman 1979.
8. Some of the necessary caveats and qualifications can be found in Blaug 1985, 425–97.
9. It should be noted that one could agree with these judgments about real-world market economies, as members of the Austrian school arguably do, yet still defend free markets against alternative institutional arrangements.
10. The principle that saving decisions determine the rate of investment is elaborated in Hirschleifer 1958 and Solow 1956.
11. See the exchanges between Hayek, Keynes, and Sraffa in Hayek 1995.
12. An increase in inventories, unanticipated or not, counts as investment in the national income accounts.
13. The notion of a distinctly Keynesian theory of income distribution was first advanced by Nicolas Kaldor (1956) and later developed by Luigi Pasinetti (1962). These and other seminal papers, together with a neoclassical response (Samuelson and Modigliani 1966) and rejoinders (Kaldor 1966; Pasinetti 1974) can be found in Panico and Salvadori 1993.
14. The example is borrowed from Obrinsky 1983.
15. In this example it is assumed that all resources are fully employed, so that the higher-than-expected demand pushes up prices and profits rather than output. By the same reasoning, if saving is greater than anticipated, entrepreneurs will incur losses. For simplicity, we ignore profits on the sale of investment goods, the prices of which depend on their prospective yield.
16. It should be mentioned that Keynes defined saving and investment differently in this book than in the *General Theory*, where the two quantities are always identical.

17. In this instance, Keynes's love of irony is the cause of some confusion because, within the framework of his dynamic analysis, wherein all decisions are taken at the beginning of the period, and the results are recorded at the end of the period, one cannot consistently speak of entrepreneurs spending their profits *during* the period.
18. The role of marginal productivity in determining the distribution of income between capital and labor is discussed and debated in Samuelson and Modigliani 1966; Kaldor 1966; and Pasinetti 1974.
19. This conclusion can also be drawn from the analysis developed by Sraffa 1960, which influenced many of the economists who have contributed to Post-Keynesian distribution theory. For a different argument, see Marglin 1984.
20. See the discussion in Rogers 1989.
21. One of these limits is imposed by what Keynes referred to as the "normal rate of interest," which is the interest rate informed opinion implicitly regards as the center of gravity to which the actual rate of interest will eventually return.
22. For a different interpretation and criticism of Keynes's recommendations regarding interest rate policy and his proposed "socialisation of investment," see Meltzer 1988.
23. Actually, the government bears some of this risk through the tax code, which allows businesses to deduct losses from revenue in determining taxable income.
24. Even if speculation does not pay over the long run, a floating pool of speculators may persist over time (Kaldor 1960).
25. Evidence of the extent to which markets are driven by psychology is presented in Shiller 1991.
26. For interpretations of Keynes that stress the importance of uncertainty, see Davidson 1972 and Shackle 1967.
27. For an interpretation of Keynes that emphasizes coordination failure, see Leijonhufvud 1968.

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WELFARE-STATE RETRENCHMENT:
PLAYING THE NATIONAL CARD

ABSTRACT: *An analysis of welfare-state restructuring under conservative governments during the 1980s undermines the notion that the nation-state is being rendered obsolete by economic globalization. The nation-state is still the principal site of political conflict. Yet this conflict has to be analyzed in light of global economic and cultural pressures. Conservative attempts to restructure the welfare state were parallel events within a larger transition in the world economy, but they had decisively distinct national trajectories.*

“Wir sind das Volk!” (“We are the people!”) for some time was the rallying cry of the Leipzig demonstrators during the revolution in East Germany. At some point, however, the chant was slightly but decisively amended to *“Wir sind ein Volk!”* (“We are one people!”). That is, an initial reassertion of a fundamental democratic principle—popular sovereignty—was transformed into a call for national unification. This call was heard on the other side of the wall and elsewhere and changed the dynamic of the revolution and of German politics in general. Yet what was usually not understood was

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that this call never was purely national. The East Germans' invocation of national unity was a coded demand for inclusion and (West) German citizenship. What was desired, then, was above all the right to prosperity and social welfare. East Germans asked for their fair share in the West German welfare state. The way to make this a legitimate claim, however, was to remind West Germans that their constitution declared all East Germans *German citizens*, entailing all the rights connected to citizenship. Thus, after initially reminding Erich Honecker & Co. of the democratic basis of political legitimacy, the demonstrators reminded Helmut Kohl and political actors in West Germany of the obligations flowing from national unity. That is, they played the national card.

It has become commonplace to argue that the nation-state has been rendered obsolete by changes in the international division of labor.¹ According to this line of argument, simultaneous tendencies toward globalization and regionalization have eroded the central position the nation-state has held for most of this century. Subnational units of government have become ever more influential and autonomous, whereas the national level has ceded much of its decisional autonomy and capacity to transnational actors and institutions. National policy, then, comes down increasingly to the execution of objective needs created elsewhere.

But in reality, the basic transformation of capitalism on a global scale that we are indeed currently experiencing tends, if anything, to reinforce the role of the nation-state as the central stage of political conflict and policy-making. Globalization is real enough, but its specific outcomes can only be understood and accounted for by reference to their national context.

The increased mobility of capital has led to competition among political entities for capital investment. Cities compete with cities, regions with regions, but above all nation-states try to provide a more attractive environment for capital than other nation-states. Economic modernization since the 1970s has been largely geared towards that goal. Attracting capital has meant increasing the "market sphere"—that is, the sphere that may be publicly subsidized, but is not publicly controlled—and reducing the welfare state, which collects and uses material resources for public consumption, regulates the decisions of private capital, and tends to decommodify labor. The Reagan administration in the United States and the Thatcher government in Great Britain paved the way for such a

shift away from the welfare state. Less radical conservative governments followed suit, and much the same could be said of social-democratic governments (cf. Merkel 1993).

By outlining the transformation of the welfare state that occurred in the United States, Great Britain, Canada, and Germany² during the 1980s, we can highlight the role national symbols, institutions, and material realities played in the process of restructuring. My thesis is that the “imagined community” (Anderson 1991) of the nation-state in all its aspects was the most decisive factor in determining the outcome of rather similar transformation strategies. Before making this argument, however, I need to clarify the concepts of the welfare state and the nation-state.

The Welfare State as Nation-State

State and economy in advanced capitalist countries have developed a “symbiotic relationship” (Lindblom 1977, 179). Thus it has become impossible to analyze politics without taking into consideration how political relationships are bound up with an economy encompassing everything from the individual firm to the international division of labor. “Permanent political intervention” in the economy (Offe 1969, 162) has rendered the term “market economy” analytically inappropriate—its current political bull movement in Central and Eastern Europe notwithstanding. The liberal myth of the market economy tends to conceal the irreversible mutual penetration of state and society, of politics and economy (cf. Habermas 1990b, 225–38).

Democracy and capitalism have been the organizing principles of the political and the economic spheres, respectively. As the two are inherently contradictory³—one based on equal political rights, the other on social inequality—the welfare state has proven to be an effective mediator between the two. Developed out of earlier state interventionist practices, the Keynesian welfare state, as it has come to be known, consists of three interwoven elements:

- the “social state,” encompassing social security, social transfer payments, and social services. The social state provides shelter from certain risks of life (old age, sickness, unemployment) and creates

the preconditions for a functioning labor market (through education, child care, health care, etc.).

- the "tax state," which collects the revenue used for public spending. The tax state is dependent upon capital accumulation, as the social functions of the state can only be fulfilled if enough revenue is generated.
- the "nation-state," which has an institutionalized interest in capital accumulation in order to provide the means for its own maintenance and the extension of its sphere of influence. With the greatly increased mobility of capital, nation-states have been engaged in an ever fiercer competition with other nation-states to attract capital.

The competitive aspect of the politics of the welfare state has come to the forefront and has tended to overshadow its other aspects. The perceived political capacities of the state have been greatly reduced in times of economic crisis. Growth sectors of the economy have had to be given incentives and advantages over their competitors in the form of open or hidden subsidies and the provision of infrastructure (cf. Junne 1984). At the same time, the social component of the welfare state has come under attack as superfluous, wasteful, and counterproductive in terms of labor-market flexibility and government debt. The pressure to adopt competitive policies has led to similar initiatives in all of the advanced industrial countries: tax reforms, social cutbacks, etc. Still, economic and social policies have differed quite a bit in their implementation, justification, and implications. These differences can be accounted for by looking at the international division of labor (cf. Jessop 1990, 255, 355) and at the goals of political actors.

The dependence of the tax state upon the profitability of capital, and the international competition for capital, effectively limit the number and overall socioeconomic objectives of the state. The nation-state is the principal avenue through which the imperatives of the capitalist world economy enter national politics, whereas the social state is the main road for democratic demands. With a structural economic crisis at hand, and given the increased ability of capital to make full use of the comparative advantages of place, the balance of power has clearly shifted. Yet the precise outcome of the shift was far from predetermined, as the following analysis will show.

National Revivalism and Welfare-State Transformation

If we compare the economic and social policies of conservative governments in the United States, Britain, Germany, and Canada during the 1980s, the cases almost immediately fall into two categories: radical reform governments in the United States and Britain, and more-or-less "normal" conservative governments in Germany and Canada. These categories coincide with the use of nationalism as an ideological resource: only Margaret Thatcher and Ronald Reagan had recourse to the rhetoric of national revival. The national component of their ideological attack on the post-World War II order was based on the juxtaposition of national greatness in the past against ubiquitous crisis in the present. The result was an all-pervasive sense of decline as a nation (also cf. Krieger 1986).

The British still fondly remembered the days of Empire; to imagine the ideological power of this counterfactual yearning for the past, one need only recall the tremendous domestic success Thatcher scored by sending the Royal Navy around the world to the Falkland Islands. The reality was that of a medium-sized power in world politics, rather marginalized within the European Community, ridden with archaic industries and resulting structural economic crises that had lasted for almost a century (Gamble 1990), traumatized by the continuous strike activities of unions that were as irresponsible as they seemed to be uncontrollable. This situation hardly lived up to the self-portrait of a nation that saw itself as the birthplace of democracy, the cradle of modern industry, and a world power.

U.S. decline had not been quite as extensive, yet its political impact was similar. The American creed, the cultural self-definition of Americans, has always included a certain sense of mission, of uniqueness. After World War II, at the latest, it also implied the belief in the quasi-natural role of the United States as the number one world power. Military, economic, and political hegemony, as well as moral supremacy, came to be understood as integral parts of "Americanness." For themselves and their families, Americans expected ever-increasing prosperity. These beliefs were shaken by a number of factors. Economically, the most important were the crisis of stagflation during the 1970s and the rise of potent competi-

tors in world markets (cf. Keohane 1984). To make things worse, the most potent of these competitors were Japan and Germany, the defeated enemies. In foreign policy, the United States suffered a loss of influence throughout the Third World and the traumatic experience of the Vietnam War. Domestically, there was the moral crisis of American politics accompanying Watergate and the resignation of President Nixon.

The urgent sense of decline provided conservatives on both sides of the Atlantic with the ideological space they needed to conjure up memories of a better past and hopes for a future more like that imagined past than the much too gloomy (and all too real) present. The conservatives argued that the growth of the state "in the present crisis" was the main problem⁴ and thus had to be curbed. Then—and only then—could there be a return to past conditions of greatness: "Unless we change our ways and our direction, our greatness as a nation will soon be a footnote in the history books, a distant memory of an off-shore island lost in the mists of time—like Camelot remembered for its noble past," said Margaret Thatcher (quoted in Stephenson 1980, 7). But, she added, "Somewhere ahead lies greatness for our country again" (quoted in Riddell 1989, 7).

National decline was not a topic in the political discourse of West Germany and Canada. For Germany, the global economic crisis was but an interruption of a long period of growth. Some adaptation to changed international conditions in the form of economic modernization seemed imminent, but there was no feeling of being on the wrong track altogether. The comparatively smooth crisis management of "Model Germany" after the first oil shock in 1973 contributed to the sense of equanimity (cf. Markovits 1982). Thus, the new conservative-liberal coalition proposed merely a return to the good old days of Konrad Adenauer's chancellorship—that is, the very days when the institutional foundations of the current political and economic order in Germany were laid.⁵ This "back to our roots" rhetoric was in stark contrast to that of British and American conservatives, who attacked the very foundations of the welfare state constructed by the Attlee government and the Roosevelt administration, respectively, as the source of the decline in national greatness. Nationalism as an ideological resource simply was not available in Germany, because it had been thoroughly dis-

credited by National Socialism and was buried deep under the ruins of the two world wars it had caused.

In Canada, issues of economic management were overshadowed for most of the 1970s and the 1980s by those of national unity and regional reconciliation (cf. Cameron 1989, 66). Centrifugal forces within the Canadian state prompted political elites to focus on the problem of Quebec and on constitutional matters. The program of the Mulroney government, elected in a landslide but without much of a policy mandate in 1984, focused on "national reconciliation" (cf. Simeon 1988), trying to reverse the efforts of Trudeau's Liberal predecessor government. The Conservatives, however, moved against *all* of Trudeau's central policy stances: not only a strong federal government and minority rights throughout the nation rather than provincial autonomy, but economic independence and state interventionism (cf. Milne 1986, Smiley 1987). Mulroney immediately repealed foreign investment controls and the National Energy Program. Thus, Canadian economic policy was marked by a notable retreat from nationalism and by a simultaneous turn to regionalism and continentalism. Economic nationalism had played a central role within the discourse of the Canadian left since the late 1960s, and so could not easily be transformed into a point of reference for the right (cf. Whitaker 1987, 23). The Mulroney government's failure to rely on national-revival rhetoric may also have to do with the fact that—unlike in Britain and the United States—in Canadian economic history one hardly finds those golden days one could refer to and build upon.⁶

National Integration as a Precondition for Radical Strategies

A feeling of national decline that can be contrasted with brighter periods in national history seems to be one precondition for a radical attack on the postwar order of domestic politics. Yet there is a second element that sets Britain and the United States apart from Germany and Canada, namely the extent of national integration. Both British and American political culture have a noncontroversial frame of reference for political discourse and for politics more generally. In the United States, an axiom shared by Americans of all political persuasions is the legitimacy of the Constitution. Political controversies—however rough and tumble—very often focus on

the correct interpretation of the Constitution. In no other country can the collective beliefs of a people be understood as embodied in a single document. The system of "checks and balances," however problematic its practice may be at the end of the twentieth century, is seen as emblematic of the best possible form of democracy and thus cannot be improved upon. American political culture has quite accurately been described as a "culture of confession" (Bellah 1988, Huntington 1981; also see Devine 1972, McClosky and Zaller 1984, Unger 1988) in which the Constitution takes the place of Holy Writ. For the Reagan administration this meant that it could attack most of American political development in this century as an aberration as long as it referred to constitutional government as the path to which one had to return.

A similar role is played by tradition and custom in Britain. Monarchy, the bicameral Parliament, and a responsible party system including "Her Majesty's Government" and "Her Majesty's Opposition" are accompanied by such bastions of social elitism as Oxford and Cambridge, the renowned private schools, and private clubs. Collectively, these institutions represent "Britishness," the inalienable traits of British peculiarity. The controversies over the European Community and electoral reform showed just how important traditional references are for British identity. The Thatcher government deliberately invoked symbols of tradition to further its policies while at the same time vehemently attacking those pillars of tradition that threatened its aims, such as the hostile elite universities.

Such common reference points are missing, however, in Canada and Germany. A common Canadian identity could be constructed—if at all—only as the negation of America, as Seymour Martin Lipset has repeatedly pointed out (e.g., Lipset 1990). This is hardly sufficient to undergird a durable integration of Canadians across the deep ethnic, cultural, and regional cleavages that divide the country. A book on Canadian political traditions, hence, is appropriately titled *Three Civilizations, Two Cultures, One State* (Verney 1986). Canadian unity has been precarious for a long time and any radical political departure would be a major threat to the future of Canada as a nation-state—however problematic that term itself may be in this case. Thus, in Canada moderation is seen as a value in itself.

In Germany the various historical breaks of this century perform

the same function territorial fragmentation has played in Canada, preventing any clear national identity from coming into existence. These breaks make it close to impossible to conceive of today's German state as being in a long, unbroken line of historical continuity within which one can position oneself.⁷ Tellingly enough, intellectual conservatism in Germany for the past decade has focused on reinterpreting history in a way that would make it look less troublesome and more linear. The conservative position in the *Historikerstreit* was a keensighted attempt to pave the way for a revival of nationalism in Germany. That attempt largely failed. Hence, Chancellor Kohl and his government had to deal with a situation in which there still was no common frame of reference, no clear-cut identity. In this situation a platform of radical restructuring would have been perceived domestically and internationally as endangering the basis of democracy in Germany. The bias against radical reform was inscribed in the "semi-sovereign state" (Katzenstein 1987)⁸—the complex distribution of power among political actors that effectively precluded any major change of course. Thus, the tack Kohl promised when taking office could only be undertaken whenever prevailing winds allowed it.

The absence of a common frame of reference in Canadian and German political culture leads to a much greater degree of moderation and a much more consensus-oriented policy style than in Great Britain and the United States, where the underlying consensus allows for a more conflictual political process. Conflict is not a characteristic of all Anglo-Saxon democracies, as the Canadian case demonstrates. Rather, it is a question of the weather-proven stability of democracy in a given nation-state. Political conflict and competition quite understandably appear much less frightening when they occur in a setting where neither the physical and territorial integrity of the country nor the survival of the democratic order is at stake.

Ironically, the very elements that Gabriel Almond and Sidney Verba (1963) identified as essential to "civic culture"—that is, to a highly developed and functional democratic political culture—constituted one of the two structural prerequisites for radical strategies of conservative transformation in the early 1980s. The other necessary condition was a deep sense of national crisis and decline that resulted from the confrontation of the present with a self-image formed by historical experience. All advanced industrialized coun-

tries more or less found themselves in a similar situation of economic crisis in the late 1970s. The fact that only in the United States and Great Britain was this crisis politically connected to an opening for radically reforming the welfare state cannot be explained by any common economic or institutional factor. What sets these countries apart is the collective experience of those imagined communities called nations, that is, the *culturally* defined perception of the situation and of the realistic options it contained.

Radical Reform in Britain and the United States

A comparison of the American and British experiences suggests that "reformist breakthroughs" can only be accounted for by taking into consideration the "confining conditions" that applied, plus the incentives and resources for political action inherent in national political structures.⁹ Ideologically similar in their approach as they were, the radical reforms undertaken in Britain and the United States could hardly be more different in their internal dynamics.

The Reagan administration started very fast and achieved, within less than a year, significant changes, mainly by way of budget and tax policies. The drastic reduction of income taxes, the hike in military expenditures, and the dramatic growth of the budget deficit were all firmly in place by the end of 1981. The eleven years of Republican occupancy of the White House that followed mattered only in that no significant changes were made in this constellation. The constitutional balance between the executive branch and Congress worked all too well, implying that any real changes of course proved impossible even though some futile attempts were made, especially in Congress (White and Wildavsky 1989). Reagan had resolutely used the honeymoon period to change the parameters of American politics and policy effectively and lastingly.

The transformation Reagan induced, however, was not the result of any concerted reform effort, but rather was—at least initially¹⁰—an unintended consequence of the administration's policies. Those policies added up to an ever-growing public debt with which fragmented American political institutions could not adequately deal. At the same time a rhetorical consensus around the necessity of a balanced budget persisted throughout the Reagan era.¹¹ In sum, the logic of American politics in general had been changed funda-

mentally by the injection of a new element considered central by all political actors. The upshot was that the corridor of action for the American welfare state was radically restricted, while institutional structures and political actors' behavior remained largely unaltered. This discrepancy fostered that peculiar vacillation between hopes for renewed reform and fears of further decline, that sense of simultaneous hyperactivity and immobility that has characterized American politics after Reagan to a degree unknown before.

In Great Britain, conservative reforms began more slowly. Margaret Thatcher gave priority during her first term to the consolidation of power within her own party. Economically, her government concentrated on the fight against inflation. At the same time, Thatcher developed and nurtured clientelistic relations with strategically important parts of the electorate. Whatever may have been the precise electoral consequence of the Falklands War, it clearly was fought by the British government for domestic reasons. Caught within a deep recession it had helped to produce, the Thatcher government could draw upon a heavy dose of nationalist mobilization in order to strengthen its somewhat shaky legitimacy.

During Thatcher's second term (1983–87) she concentrated on attacks on local government and the unions, attempting to consolidate power within British society by pursuing a more coherent political project. Competing centers of power came under fire and were even partially abolished. Simultaneously, income from the proceeds of privatization created the false impression of a successful budgetary policy. Thatcher's second term was already much more radical and comprehensive than her first, which could be characterized as a period of careful maneuvering. But it was only in her third term (1987–90) that Thatcherism fully unfolded its radical potential for lasting change. It was only now that the government dared directly to challenge the pillars of the British welfare state, including the National Health Service—previously deemed untouchable because of its extreme popularity with British citizens. Privatization was extended from state-owned industries to natural monopolies in the infrastructure sector. And, of course, the “poll tax” that contributed significantly to Thatcher's eventual fall from grace with the voters and consequentially with her own party was an endeavor of this period. Again, the attempt both to radicalize the reform project and make it more coherent was the motive: as

part of this attempt, local government was to receive its terminal blow and income was to be redistributed upwards.

Despite the tensions between these three phases, they remained linked by a number of priorities that were pursued with increasing vigor (Jessop et al. 1988, 11–20, 59–65). A set of long-term goals was an attribute that set Thatcherism apart from other conservative reform projects, although these goals never amounted to a coherent strategy for reconstructing the British welfare state. As Thatcher had declared at the first party convention after her election victory in 1979 (quoted in Norris 1990, 2):

For this government, it's not the first hundred days that count; it's the first five years—and the next five after that. We have to think in terms of several Parliaments. We have to move this country in a new direction—to change the way we look at things, to create a wholly new attitude of mind. Can it be done? . . . Yes, the Conservatives can do it. But it will take time.

Accordingly, the conservative restructuring in Britain took the form of a “long turn” (cf. Kastendiek 1989). Moreover, Thatcher managed to reconcile “the free economy and the strong state” (Gamble 1988) by neutralizing democratic political, social, and economic institutions that detracted from the unmediated role of the individual, the enterprise, or the state.

This could not be more different from the “Reagan revolution,” as explicated by David Stockman (1986):¹²

On December 19 [1980], I wrote a memo to Meese and Jim Baker. It began: “Our enemy is time.” I sketched out an action plan for launching the entire Reagan Revolution for economic recovery within a few weeks of the inauguration. To my surprise they both agreed with it. (83)

My motivation for such an inhuman schedule was grandiose. I reckoned that the “window” for successfully launching sweeping change in national economic policy would be exceedingly brief. The deteriorating economy and resurgent political forces of the status quo would quickly overtake the new administration. (92)

Stockman heeded the advice of political scientists that one had to “hit the ground running” in order to be able to implement one’s legislative program (Pfiffner 1988). Hence the Reagan administration’s

assault on the welfare state took the form of a quick raid, with as much booty as possible taken within a short time. Certainly, this conservative government, too, had hoped that a radical dynamic would develop to further its cause. When this hope did not materialize, however, the remaining 11 years of Republican occupancy of the White House became a rearguard action to institutionalize the transformative political gains made in 1981.

The National Institutional Context as an Explanatory Factor

How can these great strategic differences be explained? In my view, they can be attributed to the different institutional contexts of the two countries. The centralized structure of the state in Great Britain, the predominance of parties in political life (and of the Conservatives in the party system), as well as the low level of legal codification, all turned out to be resources for developing a successful reform program. Conversely, the decentralized structure of the American state, the enormous power of Congress, federalism, the central role of interest groups, and the historical predominance of the Democrats, as well as the high level of codification worked as restrictions on the chances for a successful long-term reform strategy. Over the long run, different groups might focus on different parts of the program and kill them off one by one. The number of conceivable veto points in the American political system simply are too many to carry out a protracted, comprehensive program of radical reform. The quick action of the Reagan administration shrewdly implemented the central tenets of its project before interest groups could mobilize and before Congress was able to translate the redistributive program of Reaganism into its own distributive pattern of policy-making.¹³

Margaret Thatcher's incremental approach was based on the realistic assumptions that (a) she would have more time for implementation of her program than her American counterpart, and (b) that a gradual strategy of trial and error might also give the government a greater chance of building solid support and undermining opposition, thus avoiding a rapid loss of power. Thatcher knew quite well that her brand of nineteenth-century liberalism was not accepted by most Britons in 1979. While an interventionist understanding of the state and a statist policy profile were only shallowly

rooted in British political culture and history, they were nevertheless a reality of social and political life to which people had become accustomed. The precarious balance between a liberal political culture and the experience of state interventionism—what Patrick Dunleavy (1989) has aptly called Britain’s “ungrounded statism”—made a gradual strategy a prudent move in order to preserve legitimacy (and thus extend power). Jim Bulpitt (1986) termed the ability of the Thatcher government to momentarily tame its radical leanings in order to win elections “domestic statecraft.”

The structural setting of the national political system thus favored from the outset a gradual strategy of radical restructuring in Britain, while in the United States the structural setting was seen as an obstacle. National political institutions, not political culture or the political economy, made the difference.

Two attributes of its institutional system set Britain apart not only from the United States, but also from Canada, Germany, and basically all other countries with conservative governments during the 1980s: the unitary structure of the British state and the low degree of judicial review.

Federal systems remove many aspects of policy from central state control. They also tend to favor a territorial organization of central-government politics. Thus, legislators are more closely linked to their constituency, their state, or their province in the United States and Canada than in Great Britain, even though the electoral systems are rather similar. In federal systems, these territorial cleavages tend to overshadow other cleavages. As a result, a comprehensive conservative reform program with nationally uniform goals is much harder to implement.

Conversely, the absence of legal codification increases government leeway. A set of stricter statutory rules, especially when linked with a constitutional court, impose tight limits upon radical reforms. Under Britain’s doctrine of Parliamentary sovereignty, decisions made by a parliamentary majority cannot be subjected to judicial scrutiny. At the same time, there is no written constitution and many other rules are followed as custom only. Thus, a determined parliamentary majority like Thatcher’s is relatively unhindered.

From the outset, Margaret Thatcher had far greater institutional resources at her disposal and was restricted by fewer institutional restrictions than the Reagan administration. The British prime

minister used this advantageous position to the fullest. When her government initially ran into some opposition to its program of economic and social reform, it instead focused on consolidating its institutional power base. Only when it had succeeded both in weakening the only available alternative power centers—the unions and local government—and in strengthening its own electoral base, did Thatcher's government return to its policy goals proper. The development of the National Health Service demonstrates how much the institutional context had changed in the meantime. The institutional setting favored the Conservative government from the beginning, but it skillfully used this advantage to transform that very setting.

The *politics of deinstitutionalization* that Thatcher pursued meant an extension of central state power. The privileged position of the Conservative party within the institutional system paved the way for the gradual implementation strategy the government followed instead of fast-track reforms *à la* Reagan. The Conservatives were privileged in two senses. They had left their imprint on the system because of their long rule and because of their close links to the higher ranks of society so central to British public life. But they were also at an advantage in the concrete historical situation. The Conservative majority in Parliament was based on a socially rather homogenous electoral coalition in the south and center of England. To preserve their power, all the Conservatives had to do was institutionalize that coalition by means of clientelistic policies and a corresponding exclusionary symbolism.¹⁴ This made the risk of a long-term strategy of transformation calculable and its political costs limited. Thatcherism directed its legitimating appeal to a strategically placed minority of the citizenry who benefited materially and symbolically.

The Reagan administration lacked this institutional embeddedness. Ronald Reagan's electoral victory was not sufficient to capture state power. The Democrats continued to control the House of Representatives and only in 1981 allowed Reagan to dumbfound them. Most importantly, the fragmentation of the American political system in Washington and between Washington and the states provided other political actors with so many opportunities for obstruction and opposition that the very idea of Reagan "ruling" the United States is misguided. The inability of the Reagan administration to change the political process (so as to make bigger cuts in so-

cial programs politically viable) led to the exponential growth in the deficit and debt. Thus it was precisely the high degree of institutional stability that precluded the original strategy from being implemented. Afterwards, the administration realized that the deficit was a politically inexpensive way to put long-term and persistent pressure on Congress to cut social programs, while at the same time prohibiting the effective running of existing programs and the creation of new ones. The federal debt hence was both an unintended consequence of the clash between the conservative strategy and institutional structures *and* the second-best strategy to pursue the original goal.

Political legitimization under Reagan was also disconnected, in part, from the basic project of welfare-state transformation. Whereas in Britain Thatcher tried to systematically increase the number of people with material stakes in the reform project—homeowners, stockholders, core employees in booming sectors of the economy, etc.—so as to link the self-interest of the voters with the government, Reagan's way of coalition-building was purely additive and inherently contradictory. Material rewards for some—in the form of lower taxes—were uneasily coupled with symbolic bows to Christian fundamentalists.

After 1981, Ronald Reagan simply did not have the power to establish close and lasting clientelistic links between his administration and its electoral coalition. American domestic policy was derived from a complex interplay of numerous actors, mostly locally or regionally based. The results, for better or for worse, were not easily attributable to any single actor. The President could claim credit for some political measures, but so could others. No one could be held accountable for the steadily growing public debt. The dual division of power—institutionally between Congress and the Executive, politically between Republicans and Democrats—made it fairly easy for the administration to pursue its strategy of *transformation by debt*, and yet disclaim any responsibility.

Public Opinion and the Welfare State: Citizens vs. Elites

Tabulating the balance-sheet of conservative governments and their policies starts with a paradox: in *no* country were social expenditures radically cut, state intervention in the economy and society

significantly reduced, the budget really consolidated—and yet there has been an irreversible transformation of the welfare state *everywhere* that shapes politics, now and for decades to come. How can this be?

The irreversible transformation wrought by conservative governments did not take place in a straight line from strategy to outcome, but followed tortuous paths, where unintended consequences, surprising historical opportunities, and skillful adaptation to new situations proved to be more helpful than the original maps prepared by conservative think tanks. Important change often occurred along other political dimensions than those anticipated, and the timing of political initiatives and the changed structural context were frequently decisive for a certain type of success (or potential failure). *Strategic coordination*—that is, both the adaptation of strategies to conditions, and their international diffusion—and *structural coupling*—the interdependence of the different structural features of any given political system—proved to be crucial.¹⁵

The discrepancy between strategies and outcomes could be taken to mean that the strategies of national political actors simply do not matter any more, compared to the “anonymous economic imperatives” of the world economy (Offe 1987, 530). Yet the outcomes differed so much that there were, in fact, very few common patterns; the pathways to transformation also were radically different;¹⁶ and in the two countries with nonradical conservative governments, Canada and Germany, a transformation of the welfare state occurred only because unexpected—in fact, unexpectable—political opportunities were readily grasped by conservative governments: the Free Trade Agreement in Canada and national unification in Germany.

Only one change occurred in all four countries: the tenets of conservative conceptions of welfare state reform were accepted by political elites of all persuasions. While the population at large remained rather resistant to the implications of conservative policies, political elites (including North American liberals and European social democrats) adapted to the new gospel. Conservative demands became universally shared necessities of public policy. Among these were the necessity for every country to hold its own in the international competition for business investment by improving profitability; the necessity of cutting back social expenditures; the necessity of creating incentives for business and high incomes by lowering

income tax rates; and the necessity of balancing the state's budget. The term "necessity"¹⁷ indicates that conservatism did not prevail as a normative conviction, but only by invoking the pressure of circumstance.

The only other similarity among the four countries was the common failure of conservative governments to achieve their ends. The level of state intervention remained high or even increased, as did social expenditures. Citizens remained loyal to the welfare state that elites abandoned.¹⁸ The decades-long experience of political legitimation by means of the distribution of material benefits left a mark on people, who came to consider the welfare state not as a transitory phenomenon to be cut back if necessary, but as an inalienable right that comes with citizenship (cf. Marshall 1973; Klausen 1995). The way back to the nineteenth century appears to be blocked—at least if a democratic route is to be taken. The transformation of the welfare state could only be legitimated by removing the topic from electoral competition via elite consensus. The loss of real alternatives favored political apathy among the citizenry.

The internationally uniform contradiction between elite and citizen opinion regarding the welfare state confirms the thesis that processes of international diffusion are nowhere as relevant as in the sphere of ideology. The globalization of mass communication has clearly left its mark here.¹⁹ What may be surprising is the extent to which elite opinion and mass opinion could diverge. This can only be accounted for if one treats the process of elite opinion-building as largely self-referential.²⁰ As Habermas (1990a, 192) has put it, the political system in Western democracies "largely programs itself" and is "characterized by elements of a controlled process of legitimation." There still is, however, a great need for research in this field.

The two great frustrations of conservative governments were beyond doubt the failed attempt to scale back state interventionism in economy and society, and the stubborn ideological clinging of the public to the welfare state. These two pillars of postwar politics were linked to each other by the selectivity of the democratic state, that is, the legitimation needs of politicians in democratic systems. A truly radical cutback in social expenditures would have been electorally dangerous. None of the conservative governments, for whom re-election always was a top priority, dared to take the risk.

As a result, cuts were mostly restricted to antipoverty programs.

Because of economic and demographic developments, however, these cuts proved insufficient to lower overall expenditures significantly. Cuts in universal programs would have been more promising in that regard, but also politically more dangerous, as the more sensitive conservative governments (in Great Britain) knew from the outset and others (in the United States and Canada) had to find out the hard way. The recourse to premodern sources of legitimation (authoritarianism, populism, Christian fundamentalism) largely failed and only proved to be of short-term usefulness in the case of nationalism in Britain and the United States. Put differently, none of the conservative governments were able effectively to mobilize ideological, institutional, or material resources to overcome the systemic restrictions against a radical reduction of the level of state intervention. Conservative hope now rests with the financial crisis of the state and the growing discontent of citizens with deteriorating services and provisions. This dual pressure could mean that in the end the dams protecting the welfare state might still break. The Gingrich Republicans'—at least partially successful—attempt to utilize the budget crisis for the political purpose of completing the “Reagan Revolution” is testimony to the potential of this strategy.

Unexpected Opportunities for Radical Reform: Germany and Canada

In Germany, the institutional framework of politics and the policy profile of welfare-state policies at first proved to be rather rigid barriers against a conservative “U-turn.” Only where the tail winds of the world economy were blowing could the Kohl government act, reinforcing economic, social, and political developments that were already taking place. German unification changed this situation. The terminal victory of capitalism, the achievement of national unity under the auspices of a conservative government, and the debt resulting from the costs of unification all created more political space for the restructuring that had been aimed at before (but had proven impossible under the given conditions). Political rhetoric became more radical, and forgotten conservative demands were revived.

The consequences of national unity within a federal system encompassing two vastly different parts—East and West—undermined

the political power of the states within the federal system, and the power of unions to maintain rather uniform wage levels across the country. The most important change, however, was triggered by the financial practices of unification. This has shrunk the financial capacity of the German state at all levels, reducing politics to a process of distributing burdens. The nation-state, in this case its reunification and the striving for global competitiveness, has become *the* major legitimacy resource for cutting back the welfare state. But citizens still seem wary of accepting cuts even when disguised as "costs of national unity" or as "restructuring for international competitiveness."

Reducing the financial capacity of the state generally has not been popular. But the acceptance of conservative premises by the political elites of the democratic left has ratified the conclusion that the financial crisis has to be resolved by retrenching the welfare state. Citizens in Germany, as in the other countries, are left with the prospect of being able to choose between parties and candidates that basically agree on the course to be taken.

In Canada, the equivalent to German unification was the Free Trade Agreement, which imposed the core elements of conservative policy upon a rather unwilling political and social system. Motivating the Agreement were the economic interests of a large faction of Canadian business, which is closely intertwined with the U.S. economy and views the multiple activities of the Canadian welfare state, with its largely autonomous subsystems on the federal and provincial levels, as a constant annoyance and a disadvantage within the North American market. On the other hand, conservatives realized that even the overwhelming parliamentary majority won by the Progressive Conservatives in 1984, namely three quarters of the seats, was insufficient to restructure the institutional order. Thus, a free-trade agreement with the United States that had been proposed by a Royal Commission named by Mulroney's Liberal predecessor, Pierre Trudeau, came as an unexpected opportunity to serve both the interests of a conservative clientele and long-term ideological goals. Free trade not only liberalized the import of goods and services, but imported a logic of political adaptation to the political conditions south of the 49th parallel.

A second catalyst for change was the Mulroney government's failure to counteract the centrifugal tendencies in Canadian federalism. In the compromises of Meech Lake and Charlottetown, the

federal government seriously undermined national unity by granting individual provinces the opportunity to opt out of any federal law and yet claim its share of the federal money appropriated for that law. When Canadians rejected the results of the Charlottetown agreement by referendum, the disintegration of Canada as a nation-state became a real possibility. While the conflict over regional distribution and Quebec had festered for some decades, the Mulroney government brought it to a head.

Taken together, the consequences of free trade with the United States and the disintegration of the nation-state meant the end of a working institutional framework for the mode of politics and policy that Canada had practiced in the postwar era. This was further exacerbated by the indebtedness of the Canadian federal state that the Mulroney government had inherited, but could do nothing to reduce. As a result of these three factors, both (i) the welfare function fulfilled in Canada, arguably in a rather exemplary fashion—especially when compared to the United States—and (ii) statehood itself are in deep trouble. Hence, the transformational *potential* of the changes set into motion by the rather moderate Mulroney government is paradoxically the greatest of all four cases.

Canada and Germany are set apart from the other two cases in that here radical conservative transformations were launched without being part of the original strategies. This “over-achievement” was possible because of unexpected openings that were resolutely used by both governments. In both cases the options that suddenly arose fit well within the ideological predisposition of conservative governments and gave them the chance to get closer to realizing goals previously thought to be unattainable.

Though the Progressive Conservatives had always been the more nationalist of Canada’s two major parties, in the 1980s they shifted to a continentalist position, as business interests allied with the party demanded trade liberalization ever more emphatically. As the Mulroney government had, soon after its election, discovered how difficult it would be to undertake even moderate welfare-state reforms, free trade had the additional appeal of a promising detour that would break down encrusted structures from the outside. Indeed, the need to create a “level playing-field” with the United States proved to be a very helpful argument in several stages of Canadian tax reform.

The result is now growing pressure against social expenditure

from two sides. Increased economic competition with the United States, which considers the Canadian welfare state as an unfair trade practice in itself, will almost inevitably tend to reduce welfare-state provisions. At the same time, since the Mulroney government—as already noted—was not able to reduce the public debt Trudeau had driven to new peaks, the need to reduce federal expenditure is a reality of Canadian politics even without the Free Trade Agreement. Thus, the impulse brought into Canadian politics with the Free Trade Agreement has survived the conservative government voted out of office in a landslide.

The unexpected opportunity that opened up for Helmut Kohl was even greater. When the East German regime destabilized and people on the streets of Leipzig changed their slogan from “We are the people” to “We are one people,” the Chancellor could play the game on his home turf. Although the national demand clearly included a social component, its nationalistic presentation corresponded nicely with Christian Democratic ideology, which (at least rhetorically) had always upheld national unity as a virtue in itself.

Reunification, as Kohl realized faster than anyone else, implied several partisan advantages for the Christian Democrats. Not only could they claim to have reunified Germany. They also had the opportunity to politically “re-socialize” a population of 18 million people and durably tie them to the governing parties. The economic and financial costs of this situation were secondary to the political benefits. Partisan advantages that were real enough in the elections of 1990, however, dwindled somewhat afterwards because nationalist symbolism and the rhetoric of a new economic miracle had created expectations that simply could not be fulfilled. Still, the East is the Christian Democrats’ most reliable stronghold to date, apart from Bavaria. They both inherited the organizational structures of the East German Christian Democrats—the most important of the “bloc parties” that had always been faithful to the communist leadership—and became the party of those most earnestly striving to overcome socialism and attain wealth and well-being in the realm of the German mark.

The unintended consequences of reunification resulted in yet another political advantage for the right. The costs of unity raised the public debt to a point where Germany followed in the footsteps of Reagan’s America—footsteps that finally paved the way for the type of business-oriented policy, centered around economic mod-

ernization and cuts in the welfare state, that Kohl wanted to realize when he came to power in 1982–83. Hence the era of muddling through (or sitting through), for which Kohl was emblematic, was suddenly replaced by a new era of German politics in which many things now seem possible that had been blocked before.

Playing the National Card: Reiterating the Rules of the Game

Thus, while it is true that (a) a notable transformation in the world economy has exerted pressures on nation-states to adapt, and that (b) a transformation of the welfare state has occurred in most advanced capitalist countries, (b) was not the inevitable result of (a). Rather, three conclusions are in order, concerning (1) the future of the welfare state, (2) the relation between the national and the global level, and (3) the connection between (1) and (2).

1. Beyond all the national differences, it remains true generally that:

The welfare state is burdened more than ever with social problems it is supposed to solve. Demographic changes and changes in family structures, persisting poverty and social exclusion, the decay of heavy industry, and the stubbornly high unemployment rates in Europe are aspects of social reality that democratic politics still translates into political demands for state intervention. The supposedly beautiful new world of post-materialism has not yet arrived, nor is it likely to.

International competition has become the dominant paradigm of public policy. It is no longer simply goods or producers that compete on a world market. Rather, nation-states themselves (as well as sub-national units) compete as actual and/or potential sites of business activity for investment and its retention (cf. Junne 1984). This has tremendously increased the structural power exercised by business. Keynesian measures of economic steering and an extensive welfare state are generally not thought of as being conducive to investment and have thus come under pressure. Conservative governments have clearly contributed to the acceptance of this new orthodoxy.

As a consequence, the welfare state has become largely incapable of acting. Cuts in social expenditure and the abolition of social programs have proved to be close to impossible. Yet the welfare state has reached an impasse (cf. Myles 1988). Its *structures* are mostly in-

tact, its costs are high, and yet its contribution to social security and general welfare is shrinking. As a political instrument to shape society, as a *project*, the Keynesian welfare state is clinically dead. Conservative governments administered the last rites. An extension of its present scope or an adaptation to new challenges seems highly improbable.

How can these general conclusions be derived from an analysis of a mere four cases?

One answer is that these four cases are far from unimportant. The United States, Germany, Britain, and Canada are four of the seven economically strongest capitalist countries, the "G7." It may be inferred that deep structural changes in these societies will have implications for other OECD countries as well. The degree of international interdependence that has been reached suggests that basic changes on the side of important competitors cannot go unaddressed and will lead to processes of adaptation.

Moreover, our four countries are highly visible. Political reforms and experiments undertaken in them will be observed with a keen interest elsewhere and will likely be copied if successful. (This was even more true during the 1980s, a period of political insecurity when old concepts were not working any more, and the willingness to try something new was particularly strong.)

The latter point is corroborated by evidence from countries that were governed by social democrats during the 1980s. Wolfgang Merkel (1993) has divided these countries into two groups: those in Southern Europe and Oceania (France, Spain, Greece, Australia, New Zealand), and those in Northern and Central Europe, the traditional social-democratic strongholds (Sweden, Norway, Finland, Austria). Governments in the first group had to realize quickly that their resources were insufficient to follow an independent course against the international current. Consequently, public policy here did not differ very much from conservative policies elsewhere. This was a reaction to the economic pressure from outside as much as to the political pressure to imitate the "successful" policies of Reagan and Thatcher. Their peripheral relationship to the world economy, their integration within transnational organizations such as the European Community, and processes of international cultural diffusion worked together and effectively limited the freedom of action social democratic governments enjoyed in these countries. The importance of conservative models can be appreciated if one poses the

counterfactual question: What policy would have been pursued had there been no Thatcher government and no Reagan administration? It is hardly conceivable that, for example, Spain or New Zealand would have followed the course they did.

In the other group of countries, a more independent course of action was initially pursued. None of these countries was a member of the European Community, and culturally none was attracted to Reagan's America or Thatcher's Britain. That is, their relative cultural and economic isolation from the capitalist core countries—together with the strength of their organized working class, and the weakness of organized business—allowed them to postpone adaptation. But they could not escape. Being rather small countries in an interdependent world, their eventual surrender was symbolized by the applications of all four countries in this group to join the EC. Yet the pattern to which even these countries finally adapted was in no sense pregiven by the international division of labor or by developments in the world economy. Developments there did set the tone. But the actual transformation was shaped by the political structures of nation-states: cultural, institutional, and economic. Within that process, core countries exerted a strong pressure on other countries in the OECD, both economic power as competitors and cultural influence as models of electorally successful policies in difficult times (cf. Kurzer 1991a, 1991b, and Schwartz 1994).

2. This leads us directly to the question of the relationship between national politics and global economic and political processes. It is not a new insight that these two levels have moved closer together as the world has become ever more interdependent (cf. Gourevitch 1978, 1986, Zolberg 1986). Yet recognizing the importance of international processes and interactions for national politics should not be tantamount to confounding increased interdependence with a decline of the nation-state as the principal site of political struggles and political change—or the lack thereof.

Politics within the nation-state still is (and will remain for the foreseeable future) *the* point of reference for political actors. These actors experience increased pressures from outside. Yet we have no reason to suppose that their actions are predetermined from without, and thus do not any longer affect the outcome. Thus, three quite different types of political transformation can be detected. In the United States and Germany, a high degree of institutional continuity was linked to a fundamental restructuring of the parameters

of welfare-state policy-making via a tremendous increase in the public debt—*transformation by debt*. In Canada, the restructuring took the form of what might be called *transformation by self-mutiliation*. In addition to having an equally sizable debt, the Canadian government imported new imperatives of public policy via the Free Trade Agreement at a time when the Canadian federal state also was suffering deconstruction at the hand of its own elites. Finally in Britain we find the only case of a restructuring that consciously proceeded in several fields of action, but centered on *transformation by deinstitutionalization*—namely of intermediary organizations.

3. Thus, while national politics takes place in an international context, this context varies nationally in content as well as in importance. Political actors in the United States, Germany, Canada, and Britain “played the national card” in two senses. First, they evoked national symbols when it served their purposes, and they understood their political survival as linked to the nation-state. As one classic German social scientist—whose reputation has been all but ruined by his rotten offspring—already knew, “players play their own games but they do so not as they please; they do not play under circumstances chosen by themselves, but under the given rules, with the hand they have and the money that’s left from the past” (Marx 1963, 15, slightly amended).

NOTES

1. See, *inter alia*, within German social science Grande 1993; Hirsch 1995, 1994, and Scharpf 1987, 1991, 1993. Internationally, this position has been taken—in various contexts and to different degrees—by Garrett and Lange 1991, Horsman and Marshall 1995, Moses 1994, Strange 1995, and Jessop 1993, although Jessop pursues a far more differentiated line of argument in other writings.
2. The choice of cases was based on a) the salience of the United States and Britain as the only two examples of a straightforward attempt at conservative restructuring, b) the longevity of conservative governments in these four countries, and c) institutional features such as federalism (Canada, Germany) and Anglo-Saxon political culture (Canada) that predisposed Canada and Germany to be test cases for some hypotheses put forward in the discussion of Reaganism and Thatcherism.
3. See the debates on the theory of the capitalist state, above all O'Connor

- 1973, Wolfe 1977, Offe 1984, and Jessop 1990, as well as the impressive empirical analysis in Rueschemeyer et al. 1992.
4. Ronald Reagan repeatedly referred to government as "in this present crisis . . . not the solution to our problem . . . [but] the problem" (quoted in Foley 1990, 32). With the reference "in this present crisis" Reagan also implicitly dissociates himself from the New Deal: interventionism might have been a viable solution then, but it certainly is not any more. Also cf. White and Wildavsky 1989, 71–74.
 5. See for example Kohl 1982, 7215–16, 7228–29.
 6. See the brilliant analysis in Laxer 1989. The same is obviously true for points of reference in foreign and defense policies. Cf. Banting 1992, 156.
 7. Although this unbroken continuity has always been upheld in legal argument.
 8. Also see Katzenstein 1989a, 1989b. A similar argument is made by Schmidt 1989.
 9. Here I am paraphrasing Kirchheimer 1965.
 10. Senator Moynihan's thesis that the deficit was brought about "consciously and intentionally" is supported by David Stockman's account that the deficit "would become a powerful battering ram. It would force Congress to shrink the welfare state. It would give me an excuse to come back to them again and again." See Moynihan 1988, 259, and Stockman 1986, 145.
 11. For the embeddedness of the notion of a balanced budget in American politics, see Savage 1988. Reagan publicly favored a balanced budget amendment to the Constitution while practicing a policy of growing debt.
 12. The chapter in Stockman's book is appropriately titled "Blitzkrieg."
 13. Still the best analysis of this pattern is Ferejohn 1983.
 14. The ideological reconstruction of British politics under Thatcher has best been captured by Jessop et al. 1988 in their notion of a "two-nations project." Also see the somewhat exaggerated analysis by Hall 1988.
 15. My conception of strategies and structures is based on Anthony Giddens's theory of structuration. "Strategic coordination" and "structural coupling" are concepts developed by Bob Jessop that, in my opinion, supplement Giddens's approach in a very useful way. See Giddens 1984 and Jessop 1990, 258–60.
 16. A very ambitious attempt by John Keeler to predict systematically the window of opportunity that reform governments have at their disposal to restructure political and social relations must be considered wanting. The most decisive factor for him is the size of the majority a government has. While the examples he analyzes confirm his framework, serious doubts arise once one takes a look at the Mulroney government. This very weak administration can certainly not be considered a successful government of radical reform. Change it did achieve—but merely by default. However, this very government, according to my calculations, in 1984 scored 49 on Keeler's index, that is, its window of reform was bigger than any of those recorded by Keeler, the second being the Attlee government in Britain in

- 1945 with an index of 32.7. Reagan and Thatcher each reached a mere 10 points! For his whole term Mulroney had a score that was only surpassed by FDR's administration. See Keeler 1993.
17. In German, we have the nice term *Sachzwang* that captures the political implications of this legitimization strategy even better than "necessity."
 18. On the lack of public-opinion support for a conservative restructuring of the welfare state, see the comparative study of Taylor-Gooby 1989, and for the United States, Cook and Barrett 1992, Ferguson and Rogers 1986, 11–30, Navarro 1985, and Stimson 1991; for Great Britain, above all, the analyses in Jowell et al. 1987 and 1988, and in Taylor-Gooby 1983, 1985, 1986, and 1987, but also Kavanagh 1990, 294–301, Norris 1990, and Rentoul 1989; for Germany see Roller 1992, especially 198–201. On Canada there is a consensus in the literature about the continued popularity of the welfare state. See, for references, Banting 1992 and Smardon 1991.
 19. This might even be enhanced by the fact that three of the four countries under consideration share a common language and the fourth, the Federal Republic, is pretty much fixated on developments in the United States.
 20. Robert Entman (1989) has proposed a useful model of "perceived public opinion." Also see Zaller 1992.

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WHAT IS PUBLIC OPINION?

ABSTRACT: *Three recent books on public opinion attempt to map changes in the public's policy preferences over the last few decades. Such changes have clearly occurred, but a single, overriding "public mood" remains elusive. Rather, different components of the public mood seem to move in different directions. Furthermore, it is unclear how much of the apparent change in public mood is real and how much is an artifact resulting from changes in public policies. Yet elite perceptions, or misperceptions, of public opinion are important determinants of those very policies, raising questions about the coherence of opinion-led government.*

The political discourse of democracies often takes for granted that there are discrete trends in public opinion about, say, crime, environmental protection, welfare reform, or business regulation. This assumption is also a staple of democratic political theory, which measures a government's legitimacy against its responsiveness to "public opinion." Yet among public opinion scholars, the very idea of coherent public opinion has been dubious since at least the 1964 publication of Philip Converse's landmark article, "The Nature of Belief Systems in Mass Publics." Building upon frequently replicated findings of immense public ignorance about political issues and ideologies, Converse portrayed public opinion as a congeries of

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ill-informed partisanship, crude reactions to the “nature of the times” (e.g., prosperity versus recession), and “nonattitudes” on the part of the most ignorant and least engaged—plus a tiny slice of ideologically motivated, relatively informed elite opinion. Although several subsequent authors have tried to rescue electoral behavior, at least, from this dire portrayal (e.g., Fiorina 1981, Popkin 1991) by detecting “rational” grounds for uninformed voting, findings of public political ignorance are now so well established that since Converse’s work appeared there has seemed little purpose in investigating what nonspecialists continue to assume is a real and important phenomenon—the shape and the causes of shifts in nonelectoral public opinion.

The Converseian view has recently been challenged by three sweeping studies of trends in public opinion—James Stimson’s *Public Opinion in America* (Boulder: Westview, 1991), Benjamin Page and Robert Shapiro’s *The Rational Public* (Chicago: University of Chicago Press, 1992), and William Mayer’s *The Changing American Mind* (Ann Arbor: University of Michigan Press, 1992). All three excellent studies help to set a new course for research on public opinion by arguing that even though individuals may be poorly informed and have opinions that seem chaotic, when public opinion is examined as a whole, it seems to respond sensibly to political events and conditions, and fulfills the assumptions of democratic theorists.

A Public Mood?

Stimson’s *Public Opinion in America* is perhaps the most ambitious attempt to examine the whole of public opinion. He argues that a “public mood” exists and he sets out to develop a measure of it. The public mood, as Stimson sees it, consists of dozens of small but parallel changes in public opinion on a wide range of policy issues. For example, when public opinion moves to the right by a few percentage points on crime, gun control, federal aid to education, environmental spending, welfare reform, defense spending, and other issues—all at the same time—then we may speak of a more conservative public mood.

Stimson measures the public mood by using all available public opinion questions about domestic policy in the United States that were asked in at least two years between 1956 and 1989. In order to

overcome the problems of changing question wording and missing data, Stimson standardizes the responses to each series of identically worded questions around its own mean and variance, and then combines them around an arbitrarily set grand mean for the final year. Finally, he weights each item by the extent to which it correlates with the entire public mood index.

The result is a narrower measure of the public mood than Stimson's text suggests. One problem is that standardizing the answers from each series of questions causes questions on which public opinion has changed enormously and questions on which it has hardly changed at all to be counted equally in the final index. For example, the huge increase in the public's desire to crack down on crime and the minor fluctuations in the public's support for education contribute equally to the public mood index. A second problem is that the weighting scheme emphasizes the opinion questions to which the public's responses have changed in tandem with one another and de-emphasizes the others. Because Stimson's data set has more questions about economic issues than social issues, this means that such phenomena as the growing tolerance for racial and gender equality have little or no effect on the public mood index—as Stimson himself admits (35, 64). Thus, Stimson's index is far more a measure of the public's mood on economic policy issues than a general index of the public mood.

The overall result, then, is that Stimson's index differs from what a politician, journalist, or political theorist might think of as the public mood. Not only are the sizes of shifts in public opinion polls that one reads about in newspapers obscured, and economic issues weighed much more heavily than social issues, but, the scale of the index fails to give readers a sense of actual shifts in public opinion. Does a 10-point shift in the index reflect a 3-percent change in public opinion items? A 10-percent change? A 20-percent change? The answer isn't clear.

Page and Shapiro's *The Rational Public* seeks to describe public opinion from the 1930s to 1990 and to show that the public responds, as their title claims, rationally to new events and changing conditions. Their book offers a detailed, thorough discussion of opinion trends in every area of public policy. Into this review of survey results, the authors weave a discussion of history, showing how public opinion reacts to events. The result is a persuasive demonstration that the public is not whimsical. The opinions of in-

dividuals may seem to change randomly, as the “nonattitudes” literature suggests, but collectively, public opinion is anything but random or capricious.

Mayer’s *The Changing American Mind* is similar to Page and Shapiro’s study in that it describes the opinion trends in different policy areas from 1960 to 1988. Mayer takes a shorter time span, but has the advantage of a much richer set of surveys with which to work. The result, like Page and Shapiro’s book, is a detailed and sophisticated account of how public opinion has changed since 1960. The other difference between the two books is that Mayer focuses far more attention on attempting to explain the change—a subject I shall discuss below.

Although they were not intended to do so, the books by Page and Shapiro and by Mayer reveal a weakness in Stimson’s central thesis that a single “public mood” exists and can be measured. The basic problem is that large, important aspects of public opinion do not swing back and forth together or, for that matter, with the mood index. Specifically, attitudes toward racial issues, the role and status of women, and premarital sex all moved steadily in a liberal direction after 1960. Attitudes toward crime and punishment, in contrast, moved in a conservative direction. At the same time, some attitudes—such as those toward gun control, religion, extramarital sex, the causes of poverty, and labor unions—remained nearly constant (Mayer 127–34). None of these issues has changed in a manner consistent with Stimson’s claim that a single public mood exists.

The point of this criticism is not that Stimson is wrong, but that he overgeneralizes. Attitudes on many issues do indeed move in the same direction at the same time, as all three studies demonstrate. Yet this is certainly not true of all issues, as the exceptions noted above show.

Stimson begins his book by wondering how a politician would describe public opinion. He argues that politicians see public moods that cut across all issues. Yet it is unlikely that many successful politicians would lump opinions about crime together with other social and economic issues and then describe the 1960s or the 1980s as periods characterized by liberal trends. Politicians know that attitudes toward crime and punishment have been moving unremittingly in a conservative direction for three decades. So is there a single public mood that cuts across all issues? The answer seems to be no. At best, the evidence suggests that there are only a few

major components—more than one, but few enough so that one can concisely describe the various aspects of the public mood.

The Causes of Change in Public Opinion

A fundamental question to which all three books lead is, what causes public opinion to change? Why did several components of public opinion move in a liberal direction in the 1960s and early 1970s, change course to a conservative direction in the mid-1970s, and then return to a liberal course in the 1980s? Can we predict the direction of public opinion in the future?

In varying degrees, all three books offer answers to these questions. A number of partial explanations are proposed, all of which make sense. Collectively, however, we do not yet have a complete theory to explain change in public opinion. This subject is clearly on the agenda for future research.

The conventional wisdom, well summarized by Page and Shapiro, holds that a combination of gradual social and economic trends, world and national events, and political leadership drives public opinion. Indeed, we all recognize that trends such as economic growth, generational changes, the rise of formal education, migration, and the growing number of women working outside the home can cause shifts in public opinion. Similarly, we know that wars and events such as the 1973 OPEC oil boycott, the Watergate scandal, and the Three Mile Island nuclear accident can affect public opinion. Although little hard evidence was offered before Page and Shapiro's work, most scholars have also long believed that political leaders influence public opinion as well. Converse's (1964) well-known claim that elites mold ideologies (or belief systems, as he called them) and teach them to the public has rarely been disputed.

The problem with this conventional wisdom, and with most of Page and Shapiro's discussion of it, is the lack of much systematic proof (the exception is their rigorous examination of political leadership and TV news). In most discussions of opinion change, models are not built, measures are not developed, and hypotheses are not tested. No one disagrees with the conventional wisdom, but without formal tests, one cannot know if the conventional wisdom fully explains opinion change or explains just a small part of it.

Here Mayer enters with a systematic examination of a series of

specific hypotheses about the causes of change in public opinion. He examines the effects of generational change, internal migration from the Frost Belt to the Sun Belt, the growth of formal education, and economic trends. (Mayer also examines the influence of world and national events, but not with the same level of rigor.) Some of his results will surprise readers.

Most prominently, Mayer dashes any notions that generational or life cycle changes, migration to the Sun Belt, or the growth of formal education can fully account for any of the important trends in public opinion since 1960. Each of these trends accounts for some opinion change, but as Mayer demonstrates, when one sits down and works out the numbers, the effects leave a great deal to be explained.

Generational replacement explains trends in social and cultural attitudes best (except for opinions about abortion and crime). Opinions about voting for a female presidential candidate, premarital sex, integration, and a number of other issues have all moved in a liberal direction as a result of cohort change. The replacement of older, conservative cohorts by younger, more liberal ones explains about 40 percent of the trends on most of these items. In contrast, generational replacement poorly explains the trends in foreign policy, the economy, crime, and abortion. Rarely does it explain as much as 20 percent of a shift in public opinion. Life-cycle effects, the other aspect of age-driven change, account for remarkably little. In fact, Mayer (180) is able to identify only three variables that demonstrated any clear life-cycle effects: attitudes toward the federal income tax, welfare spending, and premarital sex. Similarly, even if virtually everyone who moved from the North to the West or South were instantly converted to the prevailing local beliefs, the effects would be "on the order of about one-half of 1 percentage point over a twenty-eight year time span" (205).

The spread of education, too, has a generational component, with younger, well-educated people replacing older, poorly educated people in the population. Thus, education may explain part of the trends that have already been attributed to generational change. But Mayer shows that education-driven changes are not as large as might have been thought, accounting at most for only 10 to 15 percent of the total changes in attitudes and often explaining much less (222).

Finally, Mayer (270-73) briefly examines the effects of economic trends on policy issues. He shows that changes in the consumer price index affect opinions about taxes and about wage and price

controls. He also shows that the price of energy influences what people think about whether to limit strip mining for coal. Although he provides evidence on only three issues, he makes a strong case that economic changes influence public opinion.

Mayer's examination of some of the hypotheses explaining trends in public opinion is systematic and well done. It is an excellent first look at the causes of change. Its weakness—a weakness characteristic of initial investigations of many subjects—is that Mayer examines only one cause of change at a time. His look at the effects of the economy on support for strip mining, for example, does not consider generational changes, migration, the rise of formal education, or any other variable. As a consequence, Mayer cannot offer us a general theory of trends in public opinion.

Collectively the studies by Stimson, Page and Shapiro, and Mayer cover a good deal of ground, but they also leave a good deal to be explored. No general theory to explain public opinion change emerges from these works. Moreover, Mayer makes it clear that one or more major explanatory variables have yet to be identified and explored.

A Directional Theory of Public Opinion

One possibility for a missing explanation is that public preferences are fairly stable and that the public resists many policy changes by the government. In other words, some “opinion change” may amount to a public backlash against new policies. When government policy moves to the right, the public resists by expressing more liberal preferences; when government policy moves to the left, the public resists by expressing more conservative preferences.

Evidence for this hypothesis is readily encountered. Again and again, patterns emerge in the data presented in all three books that suggest public disapproval of current policy directions. The 1970s were a period of growing dissatisfaction with the liberal programs of the 1960s and their expansion in the first Nixon administration and the Carter administration. Immediately upon the election of Ronald Reagan, however, opinion reversed and a liberal trend on many issues quickly developed. As President Reagan pushed government policy in a conservative direction, the public responded by becoming more liberal.

George Rabinowitz and Stuart Elaine Macdonald (1989) have proposed a similar theory to explain the influence of issues on voting choices. According to their "directional theory of issue voting," voters do not respond to most political issues by thinking about exactly what policy they want the government to follow. As Converse (1964) argued, voters often do not know enough about most policies to be that precise. Instead, voters simply decide in which general direction they wish government policy to move and how intensely they want it.

Many of the survey questions upon which Stimson, Page and Shapiro, and Mayer base their work can easily be interpreted in terms of directional theory. As Mayer (51-54) points out, many survey questions are phrased in "comparative" rather than "determinate" terms. Questions such as, "Do you think we are spending too little, too much, or about the right amount for national defense?" or "Do you think the courts deal too harshly or not harshly enough with criminals?" do not require accurate knowledge of how much we are already spending or how harshly courts are already treating criminals; they merely require comparing a poorly understood status quo with a desired direction. By contrast, such questions as, "Are you in favor of the death penalty for persons convicted of murder?" are determinate. The answers to these questions should not change as current government policy changes. Both sorts of questions were used in all three studies, yet so many of the questions were asked in comparative terms that the findings of these studies all have major directional components.

The use of comparative questions raises the possibility that to some extent, apparent changes in public opinion are actually artifacts produced by measuring opinion against changing government policy. Consider the trend toward liberalism in the 1980s. All three studies agree that immediately upon the election of Ronald Reagan, public opinion on most issues began to move in a liberal direction. Was the public actually becoming more liberal during the 1980s? Or was it that public opinion remained fixed and only seemed to become more liberal as the standard of comparison—the Reagan administration's conservative policies—moved to the right?

Because Stimson lumps both comparative and determinate questions together in a single index, his approach cannot address the question of whether change in public opinion was real or apparent. Mayer raises the question, but his book does not systematically at-

tempt to answer it. If anyone is to answer the question, it must be done using Mayer's and Page and Shapiro's approach of examining individual questions.

But separating real opinion change from a question-wording artifact is not simply a matter of removing the comparative questions from the analysis and examining the remaining determinate questions one at a time. Part of Rabinowitz and Macdonald's argument is that some questions that researchers see as determinate are, in fact, interpreted in comparative terms by survey respondents. Respondents, who often lack enough information to answer determinate questions precisely, may answer them by indicating the directions in which they want government policy to move. A person who claims that he or she opposes abortion in all circumstances, for instance, may only be expressing a preference for laws making abortion more difficult to obtain. Changing government policies, therefore, may cause opinion to seem to change no matter how public opinion questions are worded.

Even though the directional theory does seem to explain some opinion trends, it obviously does not explain them all. The public may have responded to President Reagan's anti-environmental policies and rhetoric with more pro-environmental sentiment, but there are certainly issues that produced no backlash whatsoever. The public's reaction to more police protection and stiffer penalties for criminals, for example, was not a liberal cry for tolerance, but a demand for still more police and still harsher penalties. Crime is not the only issue on which there has been steady movement in one direction. Rabinowitz and Macdonald's directional theory, then, requires that we ask under what circumstances backlashes develop.

Elite Perceptions—A Missing Variable

A final point to be made about Stimson, Page and Shapiro, and Mayer is that their work points to the need to consider elite perceptions of public opinion, in addition to public opinion itself, in order to understand the role of public opinion in modern democracies. Elite perceptions, of course, are peripheral to the main subject of these three studies. Nevertheless, they highlight the need to consider it in models explaining policy making.

All three books mention the perceptions of politicians, journal-

ists, and other political elites. In some cases, they praise it for its accuracy. Mayer (126), for example, writes that politicians seem "to have developed a very accurate portrait of the popular mood" in the 1970s. In other cases, they criticize it for its inaccuracy. Stimson titles one of his sections "The Unnoticed Liberalism of Current American Politics," and joins both Mayer and Page and Shapiro in suggesting that the common descriptions of the 1980s as being a conservative period were wrong. Yet whether or not elite perceptions are accurate, they are important, for politicians act on them.

That elite perceptions matter is not a new observation. In their investigation of the effects of public opinion on congressional roll-call voting, Warren Miller and Donald Stokes (1963) developed a model that assumed that both public opinion and representatives' perceptions of public opinion influence congressional policy decisions. Now that Stimson, Page and Shapiro, and Mayer are redirecting our attention to the role of public opinion in voting and policy making, we should bring back Miller and Stokes's claim that elite perceptions are important and worthy of systematic measurement and study because what the public believes and what political leaders *think* the public believes may be quite different. If elite perceptions of public preferences in the 1980s were as wrong as some have suggested, those elite perceptions may be just as interesting as public opinion itself.

Public Opinion in America, *The Rational Public*, and *The Changing American Mind* are important books, not just because they fill a gap in the literature by describing trends in public opinion over recent decades, but because they offer a new perspective on the problems Converse identified and examined over 30 years ago. They show that although the opinions of individuals may not be rational or well informed, the opinions of the mass public taken as a whole are, if not rational, at least comprehensible. Whether this is enough to allay the worries raised by Converse's work is a topic for further investigation.

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THE REAL MARKETPLACE OF IDEAS

ABSTRACT: *"The marketplace of ideas" is a powerful legal and political metaphor—a bulwark of an open, liberal society—that suggests a positivistic debate utilizing reason and evidence. In reality, however, the marketplace of ideas often consists of illogic and bad evidence, producing clutter and confusion. The parallel with scientific research is misinformed. Evidence from collective decision-making and small group studies cast grave doubts on the "marketplace's" ability to maximize truth.*

Recent calls for political censorship have again made freedom of expression a timely topic. Justifications of such freedom abound, but historically the most important and compelling defense has been one that invokes "the marketplace of ideas" (Duval 1972, 179–80). Assaults on "offensive history," "dangerous research," and "controversial ideas" are inevitably rebutted by the claim that truth will triumph in open competition with falsehood.

Technically, of course, the "marketplace of ideas" is more an abstraction or metaphor, less a physical reality. Our version of the Athenian *Agora* exists on a few PBS-like talk shows, academic-style conferences, and more recently, computer networks. Nevertheless, as part of our political culture, it possesses a deep and powerful attraction.

The marketplace of ideas has enjoyed two distinct political justifications: its utility in discovering truth, and its role in invigorating

democratic community (Ingber 1984, 2-11). J. S. Mill's argument exemplifies the first defense: the marketplace of ideas as the best method of separating truth from falsehood. In Mill's view, wrong-headed ideas will, more often than not, wither under public scrutiny, and true ones will be invigorated by challenge. Second, free and open debate is thought to promote self-government and democracy. This benefit can exist independently of whether the debate brings forth truth (Fishkin 1991, 90). The standing invitation to challenge orthodoxy checks elite domination. The ceaseless clash of ideas is also didactic, assisting citizens to perform communal political obligations (Redish 1982, 618). As Justice Douglas observed in his *Dennis* dissent, "Full and free discussion of ideas we hate encourages the testing of our own prejudices and preconceptions."

The marketplace of ideas is also more broadly celebrated as the very model of a good society. Jonathan Rauch (1993), for example, relentlessly argues that open intellectual competition is the essence of modern civilization and progress. The winnowing and sifting of views, public and private, scientific and personal, is a moral imperative, the foundation of civic virtue, not merely a utilitarian legal or scientific methodology.

In the present essay, I will discuss only the first of these three defenses of the "marketplace," according to which it advances the truth.

This first type of attachment to the marketplace of ideas is deep, almost unthinking in a liberal society, a guiding article of faith. The analogy between discussion, democracy, and the open-market economic system is seductive. Faulty notions will surely join Edsels, DeSotos, and Corvairs. From Milton's *Areopagitica* forward, the vision of truth triumphing through public clamor is rarely rebutted. The American legal tradition confirms and exalts the principle. When Oliver Wendell Holmes, Jr., invoked "free trade in ideas" in his famous 1919 *Abrams* dissent, he bequeathed a powerful legacy. Between 1925 and 1982, the marketplace notion appears in 41 opinions concerning 36 Supreme Court cases (Sweeney 1984, cited in Schwartzlose 1989). As one legal scholar has noted, "The marketplace of ideas theory consistently dominates the Supreme Court's discussions of free speech" (Baker 1989, 7).

The dominance of the "marketplace of ideas" is indicated by its untroubled invocation in American civic festivals, regardless of the political ideology of the speaker. In a May 17, 1993 University of

Pennsylvania commencement address, Hillary Rodham Clinton intoned: "We have to believe that in the free exchange of ideas justice will prevail over injustice, tolerance over intolerance, and progress over reaction." Six days later, at the commencement of George Mason University, Chief Justice William Rehnquist concurred: "The test of truth is the power of the idea to get itself accepted in the competition of the marketplace of ideas."

Whether competition among ideas in the mass media is somehow "fair" or "balanced" is best examined by others.¹ We address two questions here. First, what is this marketplace of ideas? Clearly, no physical entity comparable to the New York Stock Exchange exists, in which ideas are formally contested. Second, on what *empirical* grounds can the marketplace be justified? Simply put, in the open competition of ideas, does truth generally prevail?

What, precisely, is the "marketplace of ideas? Despite the term's popularity and its frequent mention in judicial opinions, even a sketchy definition is lacking. John Murray (1978) provides a formal definition, but it is little more than a generality regarding the free flow of ideas. No specifics are given regarding its structure or limitations.

Conventional usage implies an unrestricted competition among *all* claims, however put forth, however justified. The mystical hallucinogenic vision competes with analytical philosophy, while astrology vies with modern science. Ideas, regardless of source or method of presentation, cannot be excluded; they can only be discredited and freely rejected after having been openly considered. The marketplace, moreover, is commonly taken to exist everywhere, from informal social gatherings to organized forums of distinguished experts, from academic journals to TV talk shows.

As a practical matter, however, no marketplace can permit unrestricted battle among every conceivable competitor. Society's character, its culture and values, surely render some ideas inadmissible.² In Japan, for example, with its deeply ingrained aversion to public criticism, the marketplace would have to be subtle, largely private, and perhaps invisible to an outsider. Where a passion for confrontation is deeply rooted, a totally different marketplace would prevail. Every society embraces its unique version.

What, then, is the nature of *our* marketplace of ideas? Do ministers duel to the death to settle theological disputes? Do presidents invite mystical sages to debate one another before deciding foreign

policy? When judges and scholars celebrate the marketplace, they have something limited in mind, something bounded by standards of acceptable evidence and relevance, not a wide-open, "anything goes" forum.

Most clearly, our marketplace prohibits violence and coercion. As Alexander Bickel (1975, 77) put it, "a marketplace without rules of civil discourse is no marketplace of ideas, but a bullring." A victory achieved through coercion cannot be properly attributed to market competition. Similarly, intentional misrepresentation is alien. Though competition need not be entirely truthful, winning by cheating is not part of the marketplace as it is generally understood.

Unfair practices aside, some "products" are more legitimate than others in our marketplace of ideas. Reasoned, empirically based discourse amenable to challenge is the preferred product. All else, it is assumed, is less efficacious in the search for truth. Rauch (1993, 48) is explicit. Allow everything to be challenged and require everything to be empirically verified and "you have laid the groundwork for a knowledge producing and dispute-resolving system that beats all competitors hands down." The side with the empirical evidence best surviving repeated challenge will ultimately triumph. This understanding of the marketplace of ideas is a societal norm, not a universal definition. There are, no doubt, forums properly deemed marketplaces of ideas in which truth triumphs through public contests of physical skill, torture, or the dreams of shamans.³

In sum, when the marketplace is conventionally invoked, the call is for a contest among reasoned alternatives, not between a reasoned alternative and, say, speaking in tongues. Not all conflicts need resemble a formal, dispassionate, academic-style debate. Exchanges can get heated, misrepresentations occur and, at times, passions may prevail. The psychics and charlatans will have their say. But, at its core, "the marketplace of ideas," as commonly used, is a positivistic marketplace. Scientific debate is the implicit model.

The Selective Explosion of Intellectual Clutter

Given the clash of ideas, truth, supposedly, will emerge. What type of truth? Though some may hope for absolute, Platonic truth, most defenders of the marketplace of ideas have more modest expecta-

tions. From Mill to modern legal writers (for example, Duval 1972, 193; Baker 1989, 130; Schauer 1982, 17-19), market-derived truth is the truth of consensual successive approximations.⁴ Absolute truth may or may not exist, but no more than an evolving truth can be expected. No sooner will the debate cease than it recommences; claiming otherwise commits the cardinal sin of presuming infallibility. Moreover, and equally important, truth is *public*. To be accepted, an idea must be sufficiently convincing to be widely embraced.⁵ Personal truth is not marketplace truth. In the terminology of psychology, only momentary consensual validation can prevail.

This fluid, indeterminate, consensual-validation understanding of truth works *against* the survival-of-the-fittest metaphor, so easily associated with the intellectual marketplace justification. The so-called information explosion, combined with proliferating communication channels, has generated bewildering, overwhelming, and indigestible clutter. There is not just more information, there is more disagreement. C. Edwin Baker (1978, 974-75; 1989, 7) argues that the ongoing democratic expansion of public debate adds more frameworks for uncovering truth, not just new "facts." If we accept that perceptions of reality are anchored in one's social position, the continuous development of diverse interests and experiences forever cultivates novel "truths." A few enduring truths are not discovered and permanently enshrined; rather, fresh, often incompatible, truths are ceaselessly created. Witness, for example, recent knowledge standards, all claiming a formal systematic character, that are associated with distinct ethnic, racial, and class groups. Black science, women's science, and other novel methodologies now claim legitimacy in adding to our store of knowledge.⁶

Older, imperfect ideas do not vanish, replaced by new and improved versions. Being outvoted in the noneconomic marketplace need not bring final defeat, especially if one has cobelievers. A consensus may preponderate within a university department or within a discipline, but it cannot be enforced universally. Setbacks for an idea are, at least in principle, only temporary. Knowledge can be cyclical; astrology, phrenology, and creationism may yet be salvaged by new empirical discoveries.

The enduring quality of many contemporary controversies makes this apparent. What emerges from ongoing public debate and scrutiny? At least in the social sciences, a survey of widely contested issues rarely reveals, even for a moment, the emergence of a single,

universally accepted viewpoint. Anthologies of scholarly material are often entitled *Controversies In*. . . . Consider, for example, whether the racial integration of public schools improves education. Or whether there are sex-related differences in academic performance. Or the impact of the minimum wage law on employment. Or the root causes of poverty. Hundreds, if not thousands, of professionally done studies abound, yet the controversies persist, possibly even encouraged by the turmoil. Disputes are far more likely to die from boredom or exasperation than resolution. The list of permanently settled issues remains very brief. Research findings often serve as bricks in a Tower of Babel.

Unconditional intellectual surrender is seldom—perhaps never—necessary in an open society. Proponents of (temporarily) rejected views easily blame audience stupidity or the opposition's dishonesty. Unpopular views will inevitably be supported by some research and, given the limits of all investigations, disagreeable findings can always be legitimately challenged. The costs of embracing falsehoods, even comical ones, especially theories divorced from daily life, are often minimal. Partisans of a seemingly discredited view can band together, create their own fraternity, and continue the fight.⁷ Generally, the more voices in a controversy, the greater the variety of approaches and sources of information, the more difficult is closure. Consensus was more likely with knowledge oligopolies. The proliferation of ideas virtually guarantees the survival of contradictory "truths," no matter how "fit" in an absolute sense.

Marketplace defenders also assume the possibility of reasonable openness. They imagine that what can be publicly deliberated will be, at least eventually. This seldom occurs, save over very long time periods. "Keep out" signs are endemic to the intellectual landscape; they are not aberrations limited to a handful of too-hot-to-handle subjects. Indeed, those explosive subjects most suitable to marketplace resolution are precisely the ones likely to be excluded from the public agenda. The marketplace model may be most suitable when the issue at stake is treated with indifference. And, as is true of many economic products, the restriction of intellectual commerce is often legal and defensible (see, for example, Schauer 1982, 22-25; Bollinger 1986, 73-75). Presently, frank public conversation about crime, welfare, economic inequality, health care, educational performance, infant mortality, unemployment, and violence are

probably impossible without venturing into dangerous territory. Raising taboo topics invites outrage and may be risky, both professionally and physically. The incentives for self-censorship are overwhelming. Even in very loud debates, not every voice is always heard.

Nor can competing ideas be forced into competition. In the economic marketplace, competition prevails unless participants willingly stockpile unsold goods or idle productive capacity. With ideas, however, no incentive compels goods to market. Why should an ardent defender of capitalism desire confrontation? Let the socialists babble to themselves. Nor can a marketplace be commanded into existence, even if it should be. Imagine, for example, a presidential candidate in the 1970s seeking open debate on affirmative action. Or, in the 1990s, one who proposed that public caning be instituted. These are debates without participants and, if combatants could be found (short of public-access cable TV), no outlet could be compelled to provide a forum for them. In fact, the pressures for silence may outnumber those for openness. Public discussion brings unwanted publicity and intrusion. How many government agencies delight in candid in public reviews?

The positivistic marketplace is not an all-purpose mechanism for resolving disputes. Like a tool, even the very best tool, it cannot be used for all purposes satisfactorily. Normative conflicts are seldom resolved by informed debate. Quarrels over immigration, overseas military intervention, gambling, and educational curricula rest on differences in values. The positivistic sifting and winnowing process is ill suited to ending conflicts over abortion, the legalization of homosexuality, capital punishment, or anti-pornography laws. Dozens of expertly done, conclusive studies on classroom sex education cannot placate all parents. Perhaps for this reason, prestigious and scholarly government-sponsored reports on moral issues are largely ignored.⁸

Marketplace proponents tend to assume that enlightenment eventually flows from the contesting of views. This is surely an optimistic view of the knowledge industry. The record warrants great pessimism. Some questions, at least for the foreseeable future, are not empirically answerable. Even knowledge-industry Manhattan Projects will come up empty. For example, how much military spending is "enough" to meet U.S. security objectives? What is an "acceptable" level of national health care? How can we eliminate

racial discrimination? These questions, and many, many others, like certain strains of viruses, frustratingly resist resolution.⁹

The call for a marketplace of ideas also assumes the desirability of making truth public. This may be unrealistic. Especially when the truth is unpleasant, as is often the case, conscious avoidance of truth may be expedient. Challenging “golden lies” in the hope that the truth will set you free entails few benefits and numerous costs. For this reason, perhaps, inquires into racial differences in intelligence, the genetic basis of criminality, and explanations of variations in moral behavior attract small public welcome. Why stimulate turmoil? Falsehoods, on the other hand, may prove enormously rewarding. Erroneous conclusions about, say, threats to national security, the unfairness of foreign economic competition, or the efficacy of various social programs can have generous payoffs. Whole industries rest on misinformation. In the language of economics, untruth is in demand.

Collective Decision Making

Evidence concerning collective decision making also proves troublesome for marketplace claims. Simply put, the participants in the marketplace of ideas often make disastrous mistakes. People can digest information, weigh the alternatives, and discuss matters at length, yet produce a bloody civil war or a brutal dictatorship. Millions of intelligent people, after some deliberation, opted for National Socialism. Catastrophic economic “bubbles” and fads have repeatedly left thousands of otherwise sophisticated investors penniless (see, for example, Mackay 1980). To a significant extent, these self-imposed, popularly endorsed misadventures “won” in the open competition of ideas.

Perhaps, it could be contended, these events are irrelevant since no “true” marketplace was in evidence. Indeed, effective marketplaces of ideas would have *averted* disaster in these instances. When citizens are manipulated, brainwashed, and coerced into accepting false gods, positivist norms are violated.

This explanation of market breakdowns, while perhaps correct, verges on tautology. It is not far from saying that when bad ideas defeat good ideas, the marketplace of ideas must have been disrupted. The market mechanism works—provided, of course, that

necessary conditions are met; failures can be explained by the absence of the proper initial conditions. If the popular acceptance of democratic government comes from rational decision making, if citizens have to be tricked into stupidity, then the terms *rational* and *tricked* are being used to define away the problems with real-world markets of ideas.

Science is often presented as paradigmatic of the benefits flowing from open intellectual debate (see, for example, Wonnell 1986). There are two implicit arguments here, both empirical, neither one well supported. First, it is thought that effective science flourishes only in environments where information is freely disseminated and publicly challenged. As a matter of historical record, this proposition is far from self-evident. Considerable scientific progress was commanded in Nazi Germany and Stalin's Soviet Union. The most brutal police-state conditions, including death threats and coercion, can coexist with complex modern science.¹⁰ Furthermore, even in open, democratic societies, substantial scientific progress occurs in highly restricted settings. Neither the defense industry nor much commercial high-tech research takes place in an open marketplace of ideas. Indeed, when scientific activity is especially consequential, it is particularly likely to be shrouded in secrecy.

The second assumption is that there is a valid analogy between scientific and nonscientific disputes. In principle, for example, the cold fusion controversy is fundamentally no different than the debate over immigration. In a sense, the argument here is a generalization of *laissez-faire* economics: whether in atomic particle physics, welfare reform, or toothpaste marketing, open competition guarantees the survival of the fittest. Again, this is an empirical question, not one verified by analogy. It is plausible that a scientific community, with its shared culture and well-understood standards, differs fundamentally from a political community. That a technique works in a very special setting is not proof of its exportability. Indeed, analyses of how economic statistics are interpreted show that as these data move from the purely technical realm to politics, polemical considerations become ever more salient (Vernon 1987, 70-72).¹¹ The society-wide "conversation" does not necessarily mimic the advancement of scientific truth, a process that takes place among a relative handful of highly trained individuals communicating in precise specialized language.¹²

Evidence from Small-Group Studies

The small, face-to-face group wrestling with a problem is a micro-version of the marketplace of ideas. As such, it tests the utility of discussion and information pooling in the discovery of knowledge. Indeed, the early justifications of small work groups closely resembled claims about the larger marketplace of ideas: unsound ideas will wither under group scrutiny, valued ideas will be shared, diverse talents will come to the fore, and collective judgments will be more sensible.

Research from the 1930s seemed to validate the superiority of group-based decision-making. Groups presented with problems having an unambiguously correct answer consistently out-performed isolated individuals. The "obvious" cultural wisdom was confirmed—two heads are better than one. This fitted nicely with the needs of the day, demonstrating empirically the superiority of "democratic" methods over autocracy. The "group approach," pooling talent and talking it out, was thus certified as the scientifically approved, superior technique (Davis 1992).

More recent research, however, reveals these claims to be overdrawn or false. For complex, well-defined, technical types of tasks, the utility of group cooperation seems credible. But when tasks are not highly technical and groups are comprised of nonspecialists, the benefits of collective activity are less clear. One extensive review of small-group decision-making is aptly titled, "Why Informed Groups Make Faulty Decisions" (Hirokawa 1987; the mixed character of group decisions is also extensively reviewed in Gaenslen 1980). Where objective standards exist, e.g., a "brain-teaser"-type puzzle, a group typically performs no better than its average member. In a few cases, the group's decision matches the work of the group's best member working alone. However, *in no study does the group perform better than the level of the best individual member*. In other words, the group, after all the deliberations and exchanges, is, at best, as good as its best part (Davis 1992). Furthermore, the winnowing and sifting of ideas by groups often results in ignoring the best answer in favor of the ordinary solution. As social psychologists say, no "assembly effect" emerges. Group involvement may yield social satisfaction, legitimize the outcome, or satisfy the demands of democratic procedure, but it does not perform as a superior truth-finding device.

Even more relevant are “brainstorming” studies. Problems here are less structured, more open-ended. Group members, without criticism or restraint, can express everything thinkable. A thousand flowers are inspired to bloom. Each thought may excite another, and another, until the group has creatively solved a previously perplexing problem. Like the invisible hand of the economic marketplace, brainstorming guides seemingly incoherent utterances into a collective “higher truth.” Unfortunately, when group products were judged against the results produced by unconnected collections of individuals, the outcomes were of lower quality (Davis 1992). Brainstorming inspired fewer ideas overall, fewer unique ideas, and fewer good ideas (Davis 1969, 47).

There are also the familiar “pathologies” that arise from group interactions and discussions. Asch-type studies in which individuals are induced to make bizarre judgments by group pressure are famous. Under artificially created group norms, individuals make patently false observations; for instance, they declare two lines of vastly different length to be identical. Laboratory studies occasionally find what psychologists call “risky shift” within groups (this literature is summarized in Nemeth 1982). Here the consensus choice is often (though not always) far riskier than what each individual prefers. That is, the group accepts adventurous and unrealistic decisions individuals are unwilling to make on their own.

Studies of real-world groups likewise indicate that the power and prestige of some individuals impede wise joint decision-making. Self-confident, active participants disproportionately shape the outcomes, independently of the accuracy of their opinions (see Hastie 1986 for a review of this literature). Janis’s (1972) classic study of foreign policy making reveals that in certain real-world situations, the inevitable group pressures for conformity (“groupthink”) yield flawed decision making. For example, the achievement of an early consensus may undermine the search for additional information, discourage the evaluation of risks, and promote bias in judging information (Janis and Mann 1977, 132). In critical situations, shared rationalizations designed to foster group illusions of invulnerability may substitute for the careful sifting and winnowing of ideas. The moral character of a conflict can be self-servingly distorted and consensus exaggerated. More recent analyses of “groupthink” submit that, while not universal in government decision making, it is particularly likely for groups working on major, nonroutine, and

controversial issues (Hart 1990, 281). Extensive, face-to-face discussion and idea pooling brings its own vices; enhanced knowledge is not a necessary correlate of group deliberation.¹³

"The marketplace of ideas," as a method of uncovering the truth, is hardly free of serious flaws. Contrary to the wisdom of graduation-day speeches, it is hardly a sturdy truth-sorting device, a form of intellectual population control that checks the proliferation of unworthy ideas. Noise and controversy, not refined knowledge, are the usual outcomes. There are, moreover, powerful, built-in limitations to the ability of public debate to sift and winnow ideas. Such constraints are not temporary defects amenable to easy solutions. The belief that new information presented in an open public forum will drive out acrimony, confusion, and falsehood must be viewed as almost superstitious in character.

NOTES

1. See, for example, Ingber (1984, 36-49), who argues that the government dominates the dissemination of ideas and that our legal system is indifferent to creating opportunities for the popular expression of ideas. Similar analyses are presented in Schwartzlose 1989 regarding the role of modern mass media in restricting the views of ordinary citizens.
2. The non-universal, society-specific character of marketplaces of ideas is made clear when examining defenses of this concept in different contexts. Milton, who is always cited to defend all manner of free expression, would exclude the expression of the views of Roman Catholics and "childish men."
3. In the classic Athenian democracy, with its emphasis on open public debate and disputation, when slaves testified in courts—which were located in the *Agora*—this testimony was elicited through torture (Hansen 1991, 99).
4. Schwartzlose (1989, 11-12) suggests that for at least some proponents of the marketplace model, the search for truth, whether absolute or relative, is no longer relevant. Modern society is incompatible with the emergence of any truth. The best that can be hoped for from the marketplace is healthy debate. Or, in the words of one adherent of this view, "adequate and uncontaminated mental food."
5. Discussions regarding the character of this consensus are vague or non-existent in treatments of the marketplace model. Rauch (1993, 118-19), for example, clearly rejects majority-based popular voting as a method of resolution. Yet he endorses verification by a substantial majority of scientists (a "community of critical checkers") to achieve consensus. Obviously, the

question of who legitimately decides the consensus is critical. Decision-making rules and the relevant body of experts may, in effect, determine "knowledge." Furthermore, how can technical questions be disentangled from nontechnical ones?

6. Wonnell (1986, 688–89) defends the utility of the marketplace against the charge of subjectivity. He concedes that for society generally, with its widespread irrationality and plethora of interests, the marketplace may not work effectively. But within "elite disciplines" such as the hard sciences and some of the social sciences, the marketplace accelerates progress towards truth. In these realms, a consensus exists on methods and evidence. As such, the idea of a marketplace is worth defending.
7. The inability of an "establishment" to squelch heresy, even in the hardest of sciences, is well illustrated in the controversy over the theories of Immanuel Velikovsky. When first published, these theories, regarding extraterrestrial events and catastrophes on earth, were widely and vehemently denounced by respected scientists as pure quackery. Nevertheless, supporters of Velikovsky organized their own journals, held conferences, and waged a counter-campaign that has brought them a measure of success (Bauer 1984).
8. Rauch (1993, 83–84), in his vigorous defense of intellectual competition, addresses this argument directly. While admitting values to be beyond factual resolution, he argues that empirically based debate may (1) keep moral disputes peaceful; (2) eventually "tease out" an enlightened consensus; and (3) help demolish a moral evil such as slavery. His argument, however, is an abstract one without much evidence.
9. A further argument on this point is made by the economist R. H. Coase (1974, 390). He suggests that for some people, such as writers and speech-makers, the unresolved nature of disputes allows them to earn their livelihoods. Resolution, therefore, could create unemployment and is therefore resisted.
10. Wonnell (1986, 709–21), in his defense of the marketplace, addresses this democracy versus dictatorship comparison at length. His principal point is, however, not that Soviet science was uniformly bad as a result of restrictions, but that it was bad where political intrusion was most prominent (see pp. 715–16). That this may also be the case in the United States, despite formal protections of free expression, is not considered. Wonnell also acknowledges that in several fields, Soviet science was world-class, despite being deprived of outside contact and internal sharing of information.
11. Bauer's (1984) description of the Velikovsky controversy offers a vivid picture of this politicization process. He shows that when scientists do engage in heated public debate they can easily become guilty of blatant deception, intimidation, and coercion, all in the name of "higher truth." This advocacy research may also be occurring in such policy areas as environmental studies, nuclear energy, and medicine, where political decisions often depend on scientific data and analysis.

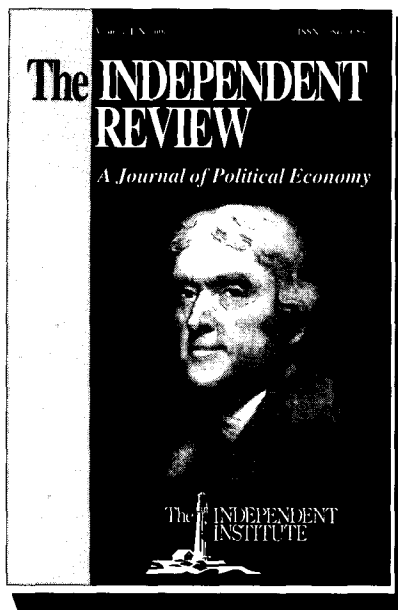
12. It is interesting to note the fate of well-respected scientists who ventured into the non-scientific marketplace of ideas. Though they enjoyed great reputations in their technical fields, individuals like Pauling, Oppenheimer, and Shockley commanded little regard when they offered opinions on world affairs or theories of racial inequality. The generalizability of scientific prestige to political problems has, for the most part, proven unsuccessful.
13. Our review of the marketplace's limits is not exhaustive. There are at least two other criticisms in Baker's (1989, 14-16) book that deserve mention. First, many psychoanalytical and behavioral theories strongly suggest that people will act irrationally when confronted with new and challenging information. Mechanisms such as projection, repression, and phobias will subvert the search for truth. Second, the economic character of modern society allows stronger interests to dominate the market. Controversial, unpopular viewpoints are denied access to a forum. Indeed, according to some critics, the very purpose of the modern, mass-media marketplace is to reinforce the views of the economic elite (see Baker 1989, especially ch. 11).

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CLIENTS OR CITIZENS?

ABSTRACT: John McKnight's *The Careless Society* tellingly exposes the ways the professionalized welfare state creates dependency. But McKnight is too quick to condemn this result as the product of professional self-interest, and to posit as the alternative a selfless, republican model of community. He overlooks the more realistic possibility that the pursuit of their interests by social groups empowered to take care of themselves would better serve those interests, and would simultaneously create a feeling of interdependence and civic responsibility.

The first few pages of John McKnight's passionate and pithy book, *The Careless Society* (New York: Basic Books, 1995), have the feel of a time warp, recalling the days when Ivan Illich (whose influence McKnight graciously acknowledges) unleashed his attack on schools and professions and when Christopher Lasch published his polemics, *Haven in a Heartless World* (1977) and *The Culture of Narcissism* (1979). Somehow, if we could get rid of evil professionals, with their therapeutic impulse, and care for each other, all would be O.K. with America.

But just as Lasch proved to be more subtle and profound in his last two books, *The True and Only Heaven* (1991) and *The Revolt of the Elites* (1994), McKnight's later chapters, written a decade after

the first ones, reveal him to be more than a good-willed but naive fellow. He emerges as a wise and hard-headed analyst of the dissolution of care and decency. His method is to build upon direct experience, telling stories that become parables of social disaster. He is no simplifier, nor is he the sentimentalist he at first appears to be. He builds upon the work of Ivan Illich and Saul Alinsky to address the relationship between power and caring at a time when the challenge of empowerment, which they embraced, is even greater than it was when they wrote, a generation ago.

McKnight holds an appointment at Northwestern University, where he is the Director of the Community Studies Program at the Center for Urban Affairs and Policy Research. But he is not principally an academic, and he is surely not a theorist. He is an activist, but one who thinks deeply and writes with clarity, passion, and remarkable good sense. He represents an intellectual type too often ignored in surveys of American intellectuals, one that is more and more important. As universities close in on themselves, scholar/activists working for advocacy groups and various nonprofit organizations conduct more and more of the research on and documentation of social and political issues. It is reminiscent of the early years of professional social inquiry, when scholars like Florence Kelley, Edith Abbott, Sophonisba Breckenridge, and Mary Kingsbury Simkhovitch, mostly women with advanced academic training, worked outside of the academy or between the academy and various social improvement groups (see Sklar 1995; Fitzpatrick 1990). Today, with most of the social sciences more worried about refining their methods and defining their professional agendas, we can expect little documentation or explanation of the social crisis we are living through from work done at the center of the disciplines. We need people like McKnight working at the borders of academic culture and the world of practice.

As his book progresses beyond the early chapters' blaming of professionals for crude careerism and self-interest, McKnight's account of practical experience in the field corroborates a point developed as literary criticism by Lionel Trilling in *The Liberal Imagination* (1950): there is a kind of moral passion that can be as dangerous as self-interest. Liberals, Trilling urged, must be aware that even in their "most generous wishes" there was a possibility that they would end up coercing the objects of their genuine social concern. "It is to prevent this corruption, the most ironic and tragic

that man knows," Trilling explained, "that we stand in need of the moral realism which is the project of the free play of the moral imagination" (Trilling 1950, 213–15).

McKnight understands the corrosive possibilities of which Trilling spoke. He provides example after example of how needs have been translated into "deficiencies"—and how the latter come to define "clients." The person disappears. McKnight imagines alternatives that at once illuminate the tragedy of postwar social reform and the possibilities of an empowering democracy.

Does Community Require Selflessness?

What makes McKnight's inquiry into American welfare policies so valuable is his awareness that helping and empowering must go together. Too much helping creates dependency and powerlessness, which not only offends democratic sensitivities but undermines society.

It is true that McKnight's book contains too much nostalgic description of the essential powers of community and not enough recognition that people come together, not simply to *be* together, but to *do* something together. Community, as McKnight calls it, or public life, as I would have it, is the product of doing, of making public one's needs, concerns, objections. It is as much the product of interest as of goodness. McKnight does not quite grasp this "hard" side of civic association, and like many of today's new communitarians, he seems at bottom to presume the indispensability of a preliberal self-denying ordinance, such as the classical ideal of republican virtue. But in fact his stories, and his commentary on them, reveal the ways in which encouraging people to speak for their interests creates community.

When local people take matters into their own hands, within the limits possible and with the technical help professionals can provide as agents of the community, they create a civic life that extends beyond the immediate object. It is not virtuous, but it is effective and constructive. As McKnight tells stories of such community action, he is, from his different and more experiential perspective, making much the same argument as that recently put forward by Robert D. Putnam in his much-discussed article, "Bowling Alone: America's Declining Social Capital" (Putnam 1995; see also Putnam 1993).

My preference for the phrases *public life* or *public culture*, as opposed to McKnight's use of *community*, may appear to be semantic nit-picking, but it expresses something quite substantial, even fundamental. *Community* is a potent word to Americans. If we American individualists have been fleeing community since the first European settlers arrived, we have not stopped longing for it. We associate community with an emotional closeness that our society seems to lack, and with a feeling of oneness that is challenged by the diversity that has been central to the American experience. Both of these impulses have a dangerous implication: the identification of community, of America, with sameness. That possibility makes "community" in public discourse worrisome. For example, the impulse toward republican civic virtue, purity, and sameness made many cosmopolitan liberals uncomfortable with Robert Bellah's inferences about the American tradition in his immensely popular *Habits of the Heart* (1985). Bellah's logic, modified somewhat in the sequel, *The Good Society* (1991), was toward exclusion and against the legitimacy of self-interest.

The liberal or "corrupted" public sphere, where virtue is displaced by interest, has its own virtue. Difference is not only permitted its place, but is essential to the definition of public culture. Contest is invited, and the logic of inclusion is fundamental. Public culture is, therefore, inherently democratic. At times McKnight understands community as public culture, as when he writes that a community is more than a place or even a personal relationship. "It comprises various groups of people who work together on a face-to-face basis in public life, not just in private" (118). It is only in such circumstances that one learns interdependence—a point made by Tocqueville in the nineteenth century and by John Dewey in the twentieth. Such settings enable what is so infrequently experienced today: rarely does a "normal" middle-class person relate, as a person, with a schizophrenic, a mentally retarded adult, a child not her own, a poor person. Without such experiences, these "labeled" classes of people become the "other," and the only reasonable inference to be drawn is that they are people "inappropriate for community life" (117).

McKnight asks the right questions about the implications of various policies of intervention. He displaces the fiscal issue and the cost-benefit debates it engenders. Indices of social misfortune (poverty and incarceration rates, for example) are important to him

for what they represent, but are not central to his understanding of the problem. McKnight is forcing a larger and prior question. To what extent do specific forms of social intervention encourage an experience of social interdependence (as opposed to dependency, or, for that matter, individualist independence)? Public or philanthropic interventions that empower target populations create social capital, and that, in his view, ought to be the critical point for judging any substantial social investment.

The therapeutic relationship, McKnight fears, transforms citizens into clients. It discourages political responses to social circumstances. The “essential reform,” he rightly argues, is people’s reconversion into citizens (62).

The Professionalized Welfare State

The principal cost of our present welfare system is not fiscal, it is social. Too often it can be shown to convert local areas, especially in the cities, into social deserts. The photographer/sociologist Camillo Vega, in a powerful series of photographs recently exhibited at the Municipal Art Society of New York, has revealed the devastation. He shows how the insertion of social service institutions (and the structures that house them) into poor neighborhoods has created what he calls the “New Urban Ghetto.” Utterly unlike the slums of the turn-of-the-century city, these are the product not of neglect but of a tradition of social policy that converts social problems into statistics, numbers of clients who need to be served: so many beds, so many AIDS hospices, so many addicts, so many battered children and wives. These are terrible problems (and the list could be extended), but to focus too narrowly upon them obscures the overarching need for neighborhoods of people where both public and private life find sustenance.

Various therapeutic facilities (frequently of considerable size) too often replace the small stores, storefront clubs, and odd playspaces of inner-city neighborhoods. Such neighborhoods are gutted when clusters of drug treatment facilities, homeless shelters, and half-way houses are erected at an intersection where sociability had formerly given focus to local life. If placed there without consultation simply because the neighborhood lacked political clout, institutions created to do good become an alien physical and bureaucratic pres-

ence, replacing informal activities that affirmed the values of the locality. A *place* is transformed into a bureaucratic *site*, the mere location of multiple service bureaucracies. Because of the assumption that people who are different and have special needs are fundamentally other, it never occurs to planners that these facilities, or some parts of them, might be shared with the pre-existing community. Integrated into the life of the neighborhood, with the support services required by the groups being served, these social interventions could be assets. But instead street life declines, stores close, and a mother cannot even buy a quart of milk for her children in the neighborhood. Institutional walls without shop windows, pedestrian activity, or eyes on the street make what was previously a lively community center an unsafe corridor few wish to traverse. Community life spirals downward—precisely the opposite of what welfare planners and neighborhood residents imagined.

That these are unintended consequences is important to keep in mind. At times, McKnight seems to think that the helping professions are frauds, mere mechanisms for increasing the employment of the college educated. "More and more conditions of human being are being converted into problems in order to provide jobs for people who are forced to earn their income by purporting to deliver a service" (29). No doubt professions, with their training schools, accreditation associations, and resource bases often operate as interest groups, advancing their own needs as much as, even more than, that of their supposed clients. But this is not the whole of the story.

McKnight assumes that professional altruists have imposed themselves on the weak and the poor, primarily to their detriment. The historical record is more complicated. By the late nineteenth century, the middle class began withdrawing from engagement with what were increasingly physically separated "others" in cities. Mid-century volunteerism declined *before* professionalism filled the gap. The social and spatial distance characteristic of modern urban life—a physical separation actively sought by the middle and upper classes, searching for purified and safe neighborhoods—facilitated this social withdrawal and the proliferation of social-service professionals as buffers between the classes. Charles Loring Brace, a proto-professional in New York whose organization relied upon volunteers and the integration of the poor, the deviant, and the elderly into the routine of family and community life, complained in 1855 that "the great evil" of the modern city is "that the classes be-

come so separated. Union Square or the Avenues know as little of Water Street or Cherry Street as if they were different cities." His Children's Aid Society tried to "bring the two ends of society nearer together in human sympathy" (quoted in Bender 1982, 151). But by the 1880s he found the middle classes withdrawing, and he had no alternative but to hire professionals. Richard Sennett's history of the middle classes in Chicago finds a similar shift from "open help to a defensive walling in of the middle classes" (Sennett 1970, 23–24). Equally important, the poor wanted to escape the patronizing form of personal relations that marked the entry of the morally superior do-gooder into their lives (See Stansell 1986, esp. part IV; Addams 1902).

The aims of the helping professionals are distorted in McKnight's account, and their power to define new professional opportunities is exaggerated. His description of the advent of "bereavement counsellors" in Sauk County, Wisconsin, maintains that the helping professions create the needs they address. While it is true that such professionals may have a vested interest in maintaining such needs and making them out to be more complicated than they might in fact be, it is going too far to claim that the needs are fabricated. In this case, McKnight ignores the religious and social circumstances that have made death so difficult to accept in modern America. These conditions have deep historical roots covering three centuries, as Thomas Cole has explained in his excellent and humane study (Cole 1992). To omit this historical context not only is unfair to professionals, but fails fully to acknowledge the pain suffered by ordinary people, which goes far toward explaining their vulnerability to the helping professions.

McKnight occasionally uses unexpected analogies to reveal the evils of the system. Sometimes these are apt; too often, however, they are forced. He compares professional social service to the pharmaceutical industry, accusing both of pyramiding technologies. The pharmaceutical industry, he claims, knowingly thrives on making new drugs to repair the damage of previous drugs. The implication is that we would be better off with no drugs. Whether his claim holds for the drug industry or not, the analogy does not seem to fairly represent the helping professions. While examples of stupidity can be found, McKnight offers little evidence of actual pyramiding. More often, it is a matter of misplaced funding—for example, spending money on social workers to monitor the children of

poor families instead of giving the money to the families, thus erasing the problem (poverty) that required professional attention.

Similarly, McKnight's hostility to the helping professions leads him to complain that childbirth and menopause have been constructed as medical issues, thus empowering doctors and undermining the flow of ordinary life. But that goes too far. Childbirth and menopause can be painful and dangerous. The point is not to banish doctors, but to civilize them, make them behave, make them respond to the expressed desires of women for technical assistance. To dismiss professional medicine would condemn women to unnecessary pain and even death.

The shift McKnight observes from a social interpretation of distress to an individual one, from a political to a psychological one, is in his view evidence of self-serving professionalism. If so, however, it is so only in the most poignant, even tragic sense. The well-meaning and alert social-service professional knows that history and environment contribute much, even most, to the problems she labels and addresses. Yet even with the recognition that 90 percent of the cause may be beyond the control of the individual, still the professional is driven to focus on that 10 percent that can be manipulated by the client. It is focus on that or do nothing. The terrible result is to blame the victim and legitimate a false analysis of the situation, thus prolonging it. But that is certainly not the intention. It is a structural trap that derives from the avoidance of political solutions. If the social worker cannot fix society, she will be forced to fix the victim. Some social workers cannot live with this contradiction, and they leave the profession. Others stay, hoping, no doubt, that they can achieve marginal improvements. Again, we are dealing with the ways our best intentions, always circumscribed by history and contemporary relations of power, can damage the very people we hope to assist.

What McKnight's vision at its best requires, as he fully understands, is a revival of American democracy on the Tocquevillian model. When Tocqueville came to the United States in 1831 he was surprised to discover that the republic was based on self-interest, not on the civic virtue that European republican theory posited as essential. Writing home to a friend, after only several weeks in New York, Tocqueville explained how this democracy worked:

Imagine, my dear friend, if you can, a society formed of all the nations of the world: English, French, Germans . . . people having different languages, beliefs, opinions: in a word, a society without roots, without memories, without prejudices, without routines, without common ideas, without a national character, yet a hundred times happier than our own; more virtuous, I doubt it. That is the starting point: What serves as the link among such diverse elements? What makes all of this into one people? Interest. That is the secret. The private interest that breaks through at each moment, the interest that, moreover, appears openly and even proclaims itself as a social theory. In this we are quite far from the ancient republics, it must be admitted. (Tocqueville 1985, 38)

Later, in *Democracy in America*, Tocqueville explained that enlightened self-interest depended upon wide participation in local political life, through voluntary associations (including political parties) and the ready availability of means of communication (newspapers). These opportunities produced not only a vital public life, but a sense of interdependence and an awareness of the conditions and needs of others. This is precisely what McKnight seeks to recover.

The historian Robert Wiebe (1995) has written that the moment of Tocqueville's visit was marked by an "opening of American society." More and more people were able to make more and more individual decisions about their own lives, and this enlivened American democracy. By the end of the century, however, Wiebe detects a closing of American society. Hierarchies were developed and the feeling of an empowered people had dissipated.

Given this version of American history, the "welfare" issue has been misconceived. It is not a question of service, but one of power. Welfare policies have been developed in a context of disempowerment. The point is not to reject the welfare state, something McKnight skirts but does not propose, but rather to rethink welfare within the context of empowerment.

Arguments against the welfare system are risky. There is always the danger that those who do not care about achieving minimally decent living conditions will use such arguments to disavow any societal responsibility for what they choose to interpret as individual failure. Of course, as McKnight points out, the therapeutic approach to welfare is just as much devoted to individual failure. The difference is that in the latter case the state hires professionals to "fix" (too often without success) the deficiencies of specified classes

of individuals. No one would deny that there are individual causes for familial and other failures. But we have not had much success in coercing improvement in that domain. We would do better to create a vital, positive society in the hope that more ordinary processes of effective social life would help form stronger and more responsible individuals.

McKnight's argument, as I read it, encourages a grander, but different, vision of welfare, one oriented toward the nourishment of human capital and political responsibility. He would "limit" the power of professionals in the service bureaucracies "to disable the capacities of citizens to perceive and deal with issues in political terms" (McKnight 1995, 52). He rightly urges us to undertake "a rigorous examination of public investments so that we can distinguish between services that lead people out of community and into dependency and those activities that support people in community life" (McKnight 1995, 123).

It is embarrassing how rapidly life in our cities is coming to resemble the circumstances of a century ago, when Jane Addams, recognizing how weak social bonds had grown, founded Hull House. She sought to avoid both the paternalism of the volunteers who had preceded her and the narrow functionalism of the professionals who were emerging with her. The men and women and children of the local community were not clients, they were neighbors. The work of the settlement house was "to develop what in social life its neighborhood may afford" (Addams 1902, 92–93). Such social work included building political organizations in defense of the interests of the neighborhood. Addams did not fear the state: together with local civil society, she argued that it would establish a balanced structure of support for social life, guided by experience and continual collective deliberation and revision.

Many of the local organizations—unions, political parties, and ethnic associations—that Addams and Alinsky could build upon in the past have been diminished. And the industrial jobs that sustained working-class neighborhoods have also been lost. The question—and it is a very difficult one—is whether there are other local resources that can nurture social capital and provide a base for serious local empowerment.

If, as McKnight rightly says, inner-city populations need economies rather than services, local communities may have to begin thinking more about economic innovation. They may have

to rely upon themselves, since it is sure to be a long wait before anyone bestows a locally productive and enriching economy on them. Local neighborhoods would do well to reconceive of themselves not as locales of consumption (of goods and services), but as places of production. The economies of cities, as Jane Jacobs argued in *Cities and the Wealth of Nations* (1984), are stimulated and sustained by a process of "import replacement." What is so disturbing about the poor districts of American cities is, of course, the hopelessness, the despair, and the all-too-manifest consequences: violence and self-destruction. Put differently, a pervasive lack of self-confidence, energy, and solidarity seems to define inner-city life. Compare the inner cities of the United States with the *favelas* of Sao Paulo. The physical conditions there are worse. Yet the visitor cannot but be struck by the energy; the self-built homes, with the roof always prepared to become the floor of the second storey when more money is available, marks a powerful contrast. What discourages Americans?

W.E.B. Du Bois suggested a possible answer almost a century ago. The famous passage in his *Souls of Black Folk*, in which he describes living behind the "veil" and experiencing a "double consciousness," has a dimension that is broader than the struggle to be at once an American and an African. He also describes the burden of being constructed by the larger society as a "problem." "How does it feel to be a problem," he asks (Du Bois 1961, 15)? That question, which made Du Bois's "blood boil," is what McKnight is seeking to articulate when he complains about people being labeled "deficient" by the helping professions, a practice that reinforces more general cultural prejudices and sustains destructive policies. It is this circumstance—the result of history, popular prejudices, and current practices in the social-welfare field—that must be repaired. "Revolutions begin," McKnight observes, "when people who are defined as a problem achieve the power to define the problem" (McKnight 1995, 16).

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KARL POPPER, 1902-1994:
RADICAL FALLIBILISM, POLITICAL THEORY,
AND DEMOCRACY

ABSTRACT: Popper's philosophy of science represents a radical departure from almost all other views about knowledge. This helps account for serious misunderstandings of it among admirers no less than among adversaries. The view that knowledge has and needs no foundations is counterintuitive and apparently relativistic. But Popper's fallibilism is in fact a far cry from anti-realism. Similarly, Popper's social and political philosophy, although seemingly conservative in practice, can be quite radical in theory. And while Popper was an ardent democrat, his reasons for supporting democracy were so unusual that they may escape the problem posed for democratic theory by the political ignorance of the demos.

Sir Karl Popper died on September 17, 1994 at the age of 92. During his long lifetime, he was showered with honors, prizes, and awards. His works were also at the center of considerable controversy.

Bryan Magee begins his little book on Popper wondering why Popper was not better known, why he was not a household name. After all, many regarded him as the greatest living philosopher of science. Sir Peter Medawar, a winner of the Nobel Prize for Medi-

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cine, called him “incomparably the greatest philosopher of science that has ever been.” Sir John Eccles, another Nobel laureate, wrote: “my scientific life owes so much to my conversion, if I may call it so, to Popper’s teachings on the conduct of scientific investigations. . . . I have endeavored to follow Popper in the formulation and in the investigation of fundamental problems in neurobiology.” Eccles’s advice to other scientists is “to read and meditate upon Popper’s writings on the philosophy of science and to adopt them as the basis of operation of one’s scientific life.” The distinguished mathematician and theoretical astronomer, Sir Herman Bondi, contends that “there is no more to science than its method, and there is no more to its method than Popper has said.” And the distinguished art historian, Sir Ernst Gombrich, writes, in the Preface to his *Art and Illusion*, “I should be proud if Professor Popper’s influence were to be felt everywhere in this book” (Magee 1985, 3–5).

Many who have been influenced by Popper are convinced that they have picked up not just some interesting and useful ideas from his work but that his work is, in some way, of revolutionary import. As Magee puts it, “Popper’s work has a practical effect on people who are influenced by it. It changes the way they do their own work, and in this and other respects changes their lives” (1985, 44).

Popper himself was more modest in what he said about the *significance* of his work. However, he made no secret of his belief that his views differed fundamentally from those of his fellow philosophers. Nor did he mince words in articulating these differences. He was not proud to be called a philosopher since, as he put it, in the long history of philosophy, “there are many more philosophical arguments of which I feel ashamed than philosophical arguments of which I am proud” (Magee 1973, 89). In *Objective Knowledge*, Popper asserts that it is necessary these days “to apologize for being concerned with philosophy in any form whatever. Apart perhaps from some Marxists,” he continues, most professional philosophers seem to have lost touch with reality. And as for the Marxists, they “have merely *interpreted* Marxism in various ways; the point, however, is to *change* it.” The great scandal of philosophy, in Popper’s view, was that “while all around us the world of nature perishes—and not the world of nature alone—philosophers continue to talk . . . about the question of whether this world exists. They get involved in scholasticism, in linguistic puzzles . . .” (1972, 32). Bill Bartley pointed out that a sense of sadness seemed to overcome Pop-

per—sadness mixed with anger—whenever the question of “placing” one of his students amongst the professional philosophers came up (1982, 255).

In the 1956 Preface of the *Postscript* to his *Logic of Scientific Discovery*, Popper tells the story of the soldier “who found that his whole battalion (except for himself, of course) was out of step.” “I constantly find myself in this entertaining position,” he writes. Yet he considers himself “very lucky, for, as a rule, a few of the other members of the battalion are quite ready to fall into step” (1983, 7). This suggests that Popper was content with his position as a philosophical dissident. Nevertheless, he was eager to put across his ideas and was therefore disappointed and sometimes offended that he was not more successful in doing so, since he was passionately convinced of their importance for Western culture (Bartley 1982, 255). He once remarked to Bartley: “Here I am being showered with honours as no professional philosopher before me; yet three generations of professional philosophers know nothing about my work” (*ibid.*, 272). He always complained about being misunderstood and about his views being neglected. He was constantly trying to correct what he thought were misunderstandings and misrepresentations of his ideas. All to little avail. His attempts to set matters straight, rather than clearing things up, tended to create the impression of a stubborn man preoccupied with quibbling and proving himself right about insignificant matters.

For example, Popper emphasized the fundamental nature of his differences both with the logical positivism of the Vienna Circle and the linguistic philosophy that dominated British philosophy throughout his career in Britain. Yet the logical positivists saw Popper as being concerned with essentially the same problems as themselves, and interpreted his work in the light of this assumption. Even now, many philosophers and social scientists in the positivist succession continue to cite Popper approvingly, as an authority. Others discount him as a defender of the positivist orthodoxy that was superseded long ago by the work of such scholars as Thomas Kuhn, Imré Lakatos, and Paul Feyerabend. Popper is also dismissed as a positivist by the adherents of a wide variety of antipositivist persuasions, ranging from Marxists and Critical Theorists to Austrian-school economists. Linguistic philosophers, on the other hand, have tended to see Popper’s work as nowhere near as different from theirs as he himself insisted.

The reception of Popper's writings on political and social philosophy has also been highly polarized. On the one hand, *The Open Society and Its Enemies* and *The Poverty of Historicism* are widely regarded as classics and are commonly included in the reading lists for comprehensive exams in political philosophy. It is for *The Open Society* that Popper was knighted. Twenty years after its publication, Sir Isaiah Berlin called it "the most scrupulous and formidable criticism of Marx by any living writer." In 1976 it received the Lippincott Award of the American Political Science Association for a work of exceptional quality by a living political theorist that is still considered significant at least 15 years since the original publication.

On the other hand, *The Open Society* was rejected by 20 different publishers and their philosophical advisers before Ernst Gombrich and F. A. Hayek convinced Routledge & Kegan Paul to publish it. The book has stirred up a great deal of academic controversy since its publication and remains the target of intense hostility. It is frequently attacked, even profaned as incompetent and utterly misconceived, as a "hatchet job" on the thinkers with which it deals.

The Paradigm-Shift Quality in Popper's Work

What is it about Popper and his work that lend themselves to such an intensely polarized reaction? If Popper's work really is as revolutionary and pathbreaking as many people believe, why isn't this more widely recognized? Why, for example, don't professional philosophers pay more attention to Popper's ideas? Why don't Popper's works figure prominently in high school and university curricula? Why are not scientists routinely given Popper's writings on the philosophy of science "to read and meditate upon and to adopt . . . as the basis of operation of [their] scientific life," as Eccles suggests?

Part of the explanation is that Popper's work is not just a collection of interesting and useful new ideas. Rather it represents a profound shift in thinking about knowledge and inquiry—something like a paradigm shift. Among the constitutive elements of any paradigm are unconscious and subconscious ideas and habits of thought and behavior that are deeply rooted in individual psychology. People become uncomfortable when their systems of thought are jarred at this level. We are unsettled when beliefs are challenged that we are

unaware of accepting, but that actually hold the world together for us. So we struggle to maintain our cosmos. Many people will tolerate considerable cognitive dissonance rather than go through the painful and arduous process of changing their mental habits.

This helps to account for the dogmatic opposition with which many new ideas are met, even in the natural sciences. As Popper writes, “No amount of political partiality can influence political theories more strongly than the partiality shown by some natural scientists in favour of their intellectual offspring” (1966b, 217). This may help in explaining not only the intense enthusiasm, but also the intense anger that Popper’s ideas so frequently evoke. It may also help account for the fact that so many both of the enthusiastic partisans and the bitter enemies of Popper’s philosophy are wont to produce accounts of his views that bear little resemblance to what he wrote.

Sometimes, however, when confronted with dissonance from a new and dissonant view, people maintain their *Weltanschauungen* by unconsciously filing the edges off the intrusive new paradigm. This may help explain why many who have read Popper fail to see any revolutionary dimension at all in his work. This often leads to a simple discounting of Popper’s radical assertions, or to their interpretation as banalities.

A deceptive simplicity to be found throughout Popper’s writing contributes to the tendency of many readers to miss the full import of what is being asserted. For example, we read in Popper that all science consists of hypotheses, that all human knowledge is fallible, that we should be open to criticism, that truth is hard to come by. All of these sound like statements in praise of motherhood. When not read in the light of Popper’s paradigm shift, they sound obvious and trivial.

On the other hand, some of Popper’s major claims seem so blatantly counterintuitive that readers often discount them without grasping what is being asserted. For example, we are used to thinking that it is good to be right and bad to be wrong. Yet in Popper’s theory of knowledge, error is the very engine that drives inquiry forward. If there are no mistakes, there is no learning. While it may be bad to be wrong if someone is harmed by our mistakes, no one is harmed (beyond disappointment) when theories are killed. Rather than avoiding mistakes, therefore, we should make them as quickly as possible. Another example of Popper’s counterintuitive

wisdom is that one should not believe those one trusts. This also flies in the face of our deeply ingrained habit of viewing people we trust as more credible than those we distrust. Popper's point is that when we trust someone, we are more likely to take over her errors unawares. Conversely, distrust serves as an automatic sentinel looking out for error.

"Popper's way of doing philosophy," Bartley has written, "is as different from that of the overwhelming majority of professional philosophers as the difference between astronomy and astrology. If Popper is right, then most professional philosophers have wasted or are wasting their intellectual careers." "Positivism and Wittgensteinian philosophy sit well together," Bartley continues, "for Wittgensteinian philosophy can tolerate positivism as an account of 'the language of science,' even where it rejects its wider claims. Neither, however, can tolerate Popperian philosophy, which attacks the fundamental presuppositions of both, and cannot be assimilated to or digested by either" (1982, 269). If Popper and Bartley are right about this, it is not difficult to understand the resistance of so many professional philosophers to Popper's ideas.

Paradigm shifts in philosophy are usually messier than paradigm shifts in the advanced natural sciences. Even in the natural sciences, as both Kuhn and Popper have stressed, old theories and paradigms die hard. Sometimes a new paradigm wins out only when enough of the defenders of the prevailing view have died. Even in the advanced natural sciences there are elements of politics, ideology, public relations, and fashion involved in theory acceptance. Outside the advanced natural sciences, however, there is seldom anything analogous to a crucial experiment that would tip the scales in favor of a new paradigm. Hence, in the "softer" disciplines it is far more difficult to upset dominant approaches by means of evidence or rational argument. The emergence, survival, and death of traditions of inquiry in these fields have a great deal to do with such factors as reputation, personalities, and the politics of academic professions.

Popper did not like schools. "I do not believe in fashions, trends, tendencies, or schools, either in science or in philosophy," he wrote (1983, 7). This may sound strange coming from Popper, for there can be no doubt about his deep and rich appreciation of the role played by traditions in science, in philosophy, and in society more generally, and schools are carriers of traditions. "Traditions play a role similar to theories," Popper writes. "They have the function of

bringing some order and rational predictability into the social world in which we live. . . . They also give us “something upon which we can operate; something that we can criticize and change” (1962, 131). Nevertheless, Popper was deeply suspicious of the stifling effects of regimentation upon the individual inquirer. He taught his students to find exciting problems and work on them regardless of the current fashion. He wanted them not to be loyal to a particular school, but rather to strive to preserve the “rationalist tradition of a commonwealth of learning” (Popper 1983, 7).

Partly because of such attitudes, Popper did not develop his own school. Nor have Popper’s students, or others influenced by his ideas, yet succeeded in establishing one. The widespread belief that there exists some kind of “Popper Church” does not correspond to the facts. Although Popper, his students, and later followers are no doubt guilty of at least some of the charges of dogmatic and intolerant behavior of which they are so frequently accused, there has never been enough unity, organization, or coordination among them to call them a school, let alone a church. As Walter Weimar has put it: “An immediate complication arose when I studied what I have come to call the Popperian church—instead of a coherent philosophical position, one finds a lightly disguised squabble of alley cats” (1979, xi).

The absence of a Popperian school and, hence, of a tradition in the positive sense of the term, figures, I believe, among the reasons why there has been so much misunderstanding and so little systematic discussion and critical development of Popper’s seminal ideas. For while the systems of referees and other policing institutions of schools and their official scholarly organs do often have the effect of stifling innovation and creativity, they at least foster the kind of fidelity to the text that is prerequisite to any fruitful discussion. Moreover, a pluralistic academic environment safeguards against the dangers about which Popper was concerned.

Knowledge without Foundations

However, there is a more fundamental reason why Popper’s work is so frequently misunderstood. It is the simple, radical, wildly counterintuitive character of the central premise of his theory of knowledge—his anti-justificationism. It is difficult to grasp how knowl-

edge without justification is conceivable. Yet it is precisely this radical abandonment of justification that is at the heart of Popper's theory of knowledge.

The justificationist conception, the one that Popper rejects, was "the conception of Socrates, of Plato, of Aristotle; in fact, of everybody; and also of ordinary language, and of common sense." In this view a claim to know something must not only be true; it must also be justified, that is, backed up, proven, warranted. It must have some foundation. If someone claims to know something, she implies that her claim is backed up by some reliable source. Conversely, if someone were to say "I know that my uncle was a colonel but I am not certain," this remark would fly in the face of common sense and of ordinary linguistic usage" (Popper 1978, 2).

And yet, Popper points out, "it is a fact that our best and most important knowledge—that is scientific knowledge—consists largely of *hypotheses*. But hypotheses are uncertain, hypothetical, conjectural. They may be refuted and superseded" (1978, 2). We thus arrive at the paradoxical-sounding result: Scientific knowledge is not knowledge in the sense of everyday language, nor in the sense of philosophical usage throughout most of history (Popper 1979, xxi). If nineteenth-century science, especially physics, supported the view that science was the closest thing to certain knowledge, twentieth-century science supports the view that scientific knowledge is at bottom fallible, therefore uncertain and insecure.

True as all this may be, many readers will have the impression that there is something bizarre about it. Isn't it just some kind of philosophical trick, like the solipsist's assertion that the world is just his dream? How can anyone seriously claim that scientific knowledge is not knowledge and that it has no foundations? Moreover, what practical significance could it possibly have? We risk our lives every day believing that the knowledge we possess, and especially scientific knowledge, has some kind of foundation. We take injections and pills believing that the knowledge the prescribing physician has about them has foundations. We believe that our belief that the sun will rise in the morning is solidly founded. We may be well aware that Newton's theory was, in some important way, overthrown by Einstein. However, to say that Newton's theory is "false," to say that it is "not knowledge" or that it is "without foundations" seems rather absurd when the theory works so well in our everyday lives—when, in fact, it works well enough to put a man on the Moon.

Yes, Popper does take account of all this knowledge we think we have. It really is knowledge. However, he seriously insists that it has no foundations. The reasons for his insistence are significant, and they lead right to the heart of Popper's method—the method of problems, conjectures, and refutations.

On the one hand “we know a great deal,” Popper writes, “and not only many details of doubtful intellectual interest but also things which are of considerable practical significance and, what is even more important, which provide us with deep theoretical insight, and with a surprising understanding of the world.” At the same time, it is no less true that “our ignorance is sobering and boundless. With each step forward, with each problem which we solve, we not only discover new and unsolved problems, but we also discover that where we believed that we were standing on firm and safe ground, all things are, in truth, insecure and in a state of flux” (Popper 1976, 87).

So we do know a great deal. But where does all this knowledge come from? Perhaps from dreams, from observations, from books, from speculative imagination. It does not matter, in Popper's view. Some of our supposed knowledge may be true, some of it false. The wildest speculative hypothesis without the slightest empirical backup may turn out to be true, while things that we are absolutely sure of may turn out to be false. “We cannot foresee,” Popper writes, “which parts of our scientific knowledge may come to grief one day” (1966b, 375).

Thus, clarifying the tension between our remarkable and constantly increasing knowledge and our constantly increasing insight that we really know nothing *with certainty* becomes the central problem for the theory of knowledge, rather than attempting to find foundations for knowledge. Inquiry thus begins with a problem, with a discovery that something is not in order with our supposed knowledge; or, viewed logically, from the discovery of an inner contradiction between our supposed knowledge and the facts; or, stated even more precisely, from the discovery of an apparent contradiction between our supposed knowledge and the supposed facts (Popper 1976, 88).

The lesson Popper draws from twentieth-century science is not only that certainty is unattainable, but also that it is unnecessary for the growth of knowledge. On the contrary, the abandonment of the demand for certainty is among the main reasons for the phe-

nomenal progress of the advanced sciences in this century. "The greatest natural scientists were all opponents of dogmatic belief in the authority of science," Popper writes. "They were all opponents of what is today called *scientism*" (1979, xxi).

Implications of Anti-Justificationism and Falsificationism

Popper's theory of knowledge implies a fundamental change in the significance of error. Common sense suggests that we want to avoid making mistakes. The avoidance of error remains an unstated ideal. The attitude towards error that follows from Popper's theory of knowledge is radically different. Error is not a malady but the driver of inquiry. As long as our beliefs continue to be confirmed, we do not learn anything new. Only when we become aware that something is not in order with our supposed knowledge, that is, only when a problem appears, does learning begin. Moreover, at least in natural science, the fallibility of human knowledge gives little cause for concern. Since erroneous hypotheses and theories can be eliminated without anyone being harmed, the main reason for being preoccupied with the avoidance of mistakes disappears. In fact, the more mistakes one makes, the better chance there is of improving one's theories.

Popper's theory of knowledge also leads to changes in the role and significance of criticism. No longer does criticism represent reproach for making a mistake. No longer does it aim at the destruction of a theory. Instead, criticism is the means by which a theory can be improved by eliminating error. The problem of seeking secure foundations for knowledge is replaced by a completely different problem—the problem of *improving* knowledge.

Herein lies the significance of falsificationism in Popper's theory of knowledge. Popper, as a Kantian, recognized that there will always be an interpretive cushion between the real world science seeks to understand and the theories that represent it. Unlike Kant and many of his intellectual heirs, however, including positivistic and linguistic philosophers, Popper was a realist. He held to the traditional view that science hypothesizes about the world as it really is, independent of our perception of it.

To be sure, hypotheses about the real world are always formulated in the world of phenomena in which we are trapped. Nevertheless,

these hypotheses make claims about a real world existing outside the prisons of the phenomenal world and of language. If hypotheses are formulated so as to clearly forbid the real world to be a certain way, or so as to clearly require it to be a certain way, signals from the real world may contradict the hypothesis, thus giving rise to a problem. In contrast, hypotheses that are shock-absorbent or vague obscure the dissonance resulting from their confrontation with the real world; therefore, they cannot be falsified. Striving to make a hypothesis falsifiable means striving to give the real world the opportunity to cause problems for the hypothesis, hence giving us an opportunity to learn from experience and improve our theory.

Finally, Popper's methodology opens the way for the revival of creative imagination. At least in the realm of *theory*, a bold conjecture that turns out to be false is preferable to a true conjecture with less informative content.

Popper's Antipositivism

At this point we are in a better position to touch upon Popper's relationship to the logical positivists of the Vienna Circle, and perhaps to understand better Popper's protestations that he was not a positivist. It is true that Popper shared with the logical positivists an interest in scientific knowledge. Like them, he believed that there were important lessons to be learned from the advanced natural sciences. However, the problem situation from which he began was entirely different from that of the logical positivists. The logical positivists were justificationists in the sense Popper fundamentally rejects. They understood scientific knowledge to be justified true belief. For them the only genuine knowledge was scientific knowledge. Their demarcation line between science and non-science was equivalent to a line of demarcation between meaningful and non-meaningful statements. When the logical positivists declared a statement or theory to be nonscientific, they were saying that it was meaningless.

Popper's line of demarcation between science and non-science, which the logical positivists tended to confuse with their own, never excluded from the realm of knowledge metaphysics, pseudoscience, protoscience, and false theories. His demarcation criterion was *not* a criterion of meaning. Popper wanted to know what was wrong with such theories as Marxism and psychoanalysis. "Why are they so dif-

ferent from physical theories, from Newton's theory, and especially from the theory of relativity"? (1962, 32), he asked. His answer to this question was that they were unscientific—but not that they were meaningless, or even that they were false. "The criterion of the scientific status of a theory," he wrote, "is its falsifiability, or refutability, or testability" (1979, 37). But he never doubted that a nonscientific theory or statement could be meaningful or even true.

We have already seen why Popper considers falsifiability so important. Falsification (albeit itself always hypothetical), by allowing the real world to cause problems for the statements we make about it, is the way we learn about the real world. Later, Popper extended his falsifiability criterion into the broader criterion of "criticizability." Hypotheses can be refuted, their authors forced to modify or abandon them, not only by falsification, but by other kinds of criticism. Moreover, an interesting but irrefutable hypothesis should not necessarily be given up. Rather, one should try to make it scientific so that it becomes vulnerable to improvement.

Popper felt that the logical positivists were mistaken both in their rejection of realism and in their demands for the elimination of metaphysics and for the justification of knowledge claims. Just as significantly, however, he saw the ultimate cause of the demise of the Vienna Circle and its logical positivism "not in its various grave mistakes of doctrine, but in a decline of interest in the great problems: the concentration upon *minutiae* (upon 'puzzles') and especially upon the meanings of words." This "scholasticism," Popper writes, was inherited by the British and American successors to logical positivism (1974, 70–71).

Popper's Social and Political Thought

The radical quality of Popper's work has also strongly affected the reception of his social and political philosophy. True to Popper's method, both *The Open Society and Its Enemies* and *The Poverty of Historicism* are cast as critiques. According to Popper's theory of knowledge, it is a high compliment to consider a theory worthy of criticism. Knowledge grows when critics single out bold theories that are rich in content. Thus, to criticize a theory does not mean to raze it to the ground and begin anew, but rather to make it better. To identify its errors, confusions, and obfuscations is a first step

toward its improvement. Moreover, there is nothing wrong with a theorist whose theories are wrong. We all make mistakes, Popper contends, and great men make great mistakes (1966a, vii).

In the justificationist or foundationalist view of knowledge held by almost everyone else, to criticize someone's views commonly means to destroy or reject them. This is reflected in the common imagery of "demolishing," "undermining," and "poking holes" in arguments. And, of course, a thinker who advances erroneous (even if interesting) ideas must be unreliable.

Many an admirer of Plato and Marx, unfamiliar with Popper's critical approach to knowledge, have taken great offense at what they perceive as his attempt to destroy the reputation of their admired masters. I certainly don't mean to suggest that Popper was right in all that he wrote about Plato and Marx. I refer here only to the kind of anger that has led many readers to misperceive utterly the aim of Popper's project and to ignore the contents of his arguments. Other readers, though not offended that Popper has severely criticized great thinkers, ignore the contents of Popper's arguments for another reason. They are put off by what they consider to be serious mistakes in interpretation. In a justificationist mode, of course, a scholar must be careful, not bold, so as not to make mistakes.

Justificationism also has a distorting effect on the reception of Popper's work by readers who are sympathetic to his views. Conservatives, classical liberals, and other anti-Marxists and antisocialists, for example, take great delight in Popper's powerful criticisms of Marx's theoretical system and the key doctrines underlying it. Marx, they believe, having been "demolished," may be dismissed with impunity. They fail to see how much of Marx Popper sympathizes with and takes over.

True, the later Popper often sounded like a liberal in the old-fashioned sense of the word (Magee 1985, 86). He was impatient with those who denigrated liberal-democratic regimes. "We live in the freest, most just society that has ever existed," he said in a 1982 interview with the French magazine, *L'Express*. "Not to admit it is a crime." In the same interview he admits to placing less importance on the value of equality than he used to (Popper 1982, 85).

Nevertheless, Popper never repudiated or even revised the arguments he had put forward in *The Open Society*. And this book is clearly not the work of a free-market liberal. As Magee (1985, 86) puts it, in this volume the young Popper "worked out, as no one

else has ever done, what the philosophical foundations of democratic socialism should be.”

Popper contends that the injustice and inhumanity of the system of unrestrained capitalism described by Marx cannot be questioned, and he argues for extension of protectionism to the economic domain. “Unlimited freedom,” Popper argues, “means that a strong man is free to bully one who is weak and to rob him of his freedom. This is why we demand that the state should limit freedom to a certain extent, so that everyone’s freedom is protected by law.” However, even if the state protects its citizens from being bullied by physical violence, under the system of unrestrained capitalism the economically strong are still free to bully those who are economically weak and to rob them of their freedom. “Under these circumstances, unlimited economic freedom . . . may be nearly as dangerous as physical violence. . . . We must demand that the policy of unlimited economic freedom be replaced by the planned economic intervention of the state” (Popper 1966b, 124–25).

Popper’s views on social and political theory are sometimes regarded as conservative because he treats as crucial questions the epistemic status of the theories upon which calls for revolutionary violence are based. How, for example, do the advocates of violent revolution know that the violence they advocate can be kept under control once unleashed? How do they know that unforeseen, unintended consequences will not result in a worse social and political order than the one to be destroyed? How do they know that the new regime they propose to construct will be worth the costs in human suffering which their revolutionary action will bring about? It is primarily on grounds like these, having to do with the limitations on human knowledge, that Popper advocates “piecemeal engineering” to bring about political and social change, rather than “utopian engineering” or rapid, wholesale change based on a blueprint of the society to be constructed.

Popper’s caution regarding social *engineering*, however, is not necessarily inconsistent with a radical position in social and political *theory*. Popper rejects the attitude that tradition is something that cannot be accommodated by a rational theory. Tradition plays an important role in society, but the given must not be taken as, *ipso facto*, valuable. In his view, we may adopt a critical attitude towards the whole of tradition. Such a critical attitude may expose a need for broad and sweeping changes in society (Eidlin 1985, 283–98).

Popper's theory of method, which is the same for *theoretical* social science as it is for theoretical natural science, calls for bold, informative conjectures controlled by severe criticism. As we have seen, in the realm of theory, a bold conjecture that turns out to be false is even preferable to a true conjecture with less informative content. Social engineering is a different matter since, as is the case with engineering in general, we are morally obliged to assess the status of our knowledge before applying it in ways that will affect the lives of human beings. Since it is impossible to know in advance the effects of our interventions to change society, reform must be gradual and controlled by critical comparisons between expected and achieved results. While there is no need to fear radical revolutions in theoretical science (no one is harmed when theories are killed), the application of theories to political action involves risk. And risk presents moral problems that cannot be resolved by science.

Popper's social and political philosophy is entirely compatible with the planning and carrying out of fundamental and thoroughgoing social reforms guided and informed by rationally plausible and morally defensible theories. It is also a philosophy requiring that we *do* something to bring about a better society, and that we not rely upon something outside ourselves (whether the "invisible hand" of the market or the "inexorable laws" of history) to do it for us. Popper's arguments for moderation in political action do not rest upon or support any kind of idealization either of tradition or the status quo, or even upon his dislike of violence, but rather upon the inherent limitations of human knowledge.

The social and political ethics of *The Open Society* are humanitarian and egalitarian. They call for the elimination of avoidable suffering for all members of society. If this should require broad, fundamental changes in political and social norms and institutions, then such changes must remain among the ultimate, if not the immediate goals of political action. The fact that such goals might be difficult—even seemingly impossible—to attain would not morally justify abandoning them. Even violent means may be permissible in the pursuit of just ends, provided that sufficient consideration has been given to such questions as the likelihood that these means will actually lead to the expected ends.

Popper does not even criticize the *ideal* of "the Utopian attempt to realize an ideal state using a blueprint of society as a whole . . . by claiming that an ideal can never be realized, that it must always

remain a utopia. This would not be a valid criticism," he writes, "for many things have been realized which have once been dogmatically declared to be unrealizable" (1966b, 159, 161). Although arguing that piecemeal reform is possible without having a blueprint of society, Popper does not suggest that political action must be limited by the incrementalist view that political action based on a plan, theory, or blueprint is impossible—that the best we can hope for is to "muddle through" with marginal adjustments unrelated to any comprehensive program of reform. Popper's method can readily be combined with a blueprint or plan or theory of society, and can be used to develop and improve it. For practical reasons related to limitations on human knowledge and the unavoidability of unintended consequences, however, piecemeal reform is the only way by which a program of "radical" and "revolutionary" change could conceivably be realized.

Popper and Democracy

Popper's theory of democracy is analogous to his theory of knowledge, and is misunderstood in similar ways.¹ As we have seen, for justificationist theories of knowledge the central question is: "What are the reliable sources of knowledge, the ones that will not lead us into error?" In political theory since Plato, the central question has been: "Who should rule the state? Who are the best rulers? Whose will should be sovereign?" (Popper 1966a, 120–21). Popper's central political doctrine is that, just as there are no reliable sources of knowledge, there is no way to be sure of getting good rulers. Therefore, nobody should be sovereign, including the *demos* (Popper 1988, 19–22). Like the error-eliminating function of criticism and testing in science, democracy and the freedoms that go with it (freedom of speech, of assembly, and of the press) serve to expose bad policies and remove bad rulers. Democracy simply *means*, for Popper, that type of government in which the rulers can be dismissed by the ruled (Popper 1966a, 124). Democracy is good since it allows those affected by injustice the opportunity to remove the rulers who perpetrate it.

Democracy is not only the most just form of government, in Popper's view. It is also likely to be the most successful form, for reasons similar to those accounting for the growth and improve-

ment of knowledge in science. Just as there can be no privileged sources of knowledge in science, there can be no privileged sources of knowledge about politics. In politics as in science any theory may be wrong, any person may err, no matter what his, her, or its reputation for insight, truthfulness, and reliability. Conversely, any proposal, coming even from the simplest or the most ignorant of citizens, may show previously unrecognized flaws in a respected leader or widely accepted policy.

Those troubled by the standard arguments against democracy will find Popper uncompromising. He did not even shy away from the possibility that the people may democratically choose tyranny. Such a choice would not, in his view, discredit democracy. It would only show that there are no foolproof human institutions (1966a, 161).

Thus, despite Popper's enthusiastic endorsement of democracy, his writings are not in the mainstream of democratic theory. He was indifferent to most of the problems usually addressed by political theorists.² He did not, for example, seem concerned about such problems as low voter turnout or the low level of knowledge voters have about what their elected representatives do, what positions they hold on current issues facing government, or even who they are. He showed no concern for such standard problems as gerrymandering, "wasted votes," or the underrepresentation of minorities in two-party, single-member-district, first-past-the-post electoral systems, such as England, Canada, and the United States. For he conceded, even insisted, that the people do not really rule themselves. They are, he wrote, ruled by governments and bureaucrats, "our civil servants or uncivil masters . . . whom it is difficult, if not impossible, to make accountable for their actions" (1988, 20). He showed little interest in the concrete practical and theoretical problems of how to get these "uncivil masters" under democratic control.

Popper did not deal with such issues since he did not consider the legitimacy of democracy to be especially problematic, compared against any other live option. Had the Western liberal democracies not been exposed to mortal danger from regimes inspired by totalitarian ideologies, he never would have written on political theory at all. While not idealizing Western liberal democracy, he considered it (as Churchill did) the best and most just form of government that has ever existed in a world that will always remain imperfect. Although Popper's writings are full of keen insights into various weaknesses of democracy, he believed that the virtues of

existing liberal democratic regimes were self-evident. He also believed that such regimes are fully capable of correcting themselves without assistance from philosophers.

* * *

It should be clear that I believe Popper was on the right track, that his ideas have been misunderstood and misrepresented on a broad scale, and that the profound significance of his work has yet to be appreciated.

But there is still something missing from this picture. If the implications of Popper's "paradigm shift" are really so revolutionary, one might at least expect to see this clearly reflected in the work of those scholars who claim to be influenced by him. Yet although such writers often emphasize the importance of Popper's ideas, they aren't much different from other scholars. I have certainly not been able to detect the difference Bartley suggests between astronomy and astrology in comparing Popperians with scholars identified with other tendencies of thought. Popperians, no less than their adversaries, can be (and have been) dogmatic, insensible to falsification, and prone to identify themselves personally with their theories.

This suggests that there may be a utopian aspect to Popperian norms. In other words, quite apart from whether Popper's prescriptions for academic behavior are right or not, it may be too much to expect people to take these prescriptions seriously and adhere to them consistently. People may sincerely agree with Popperian norms, but this will not likely suffice to change habits of thought and behavior.

If we reflect on Popperian norms, it becomes clear how difficult they are to practice. Debates and discussions in a genuine Popperian spirit are very rare. So is research conducted in this manner. Criticism, useful thought it may be, can cause great emotional distress. It can be painful to live with open intellectual problems. And it can get us into trouble.

NOTES

1. For a more extensive discussion of these issues, see Eidlin 1993.
2. To mention a notable exception, in his interview with *The Economist* (1988), Popper resoundingly attacked electoral systems based on proportional rep-

resentation, arguing that they eliminate the accountability of the representative to his/her constituents. See p. 38.

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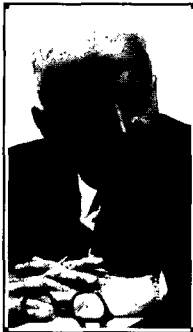
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